CITY OF COLQUITT, GEORGIA

REPORT ON EXAMINATION

OF

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

City of Colquitt, Georgia
For The Fiscal Year Ended June 30, 2011
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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Colquitt, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Colquitt, Georgia as of and for the fiscal year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Colquitt, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information for the City of Colquitt, Georgia as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2012 on our consideration of the City of Colquitt, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the

results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "*Government Auditing Standards*" and should be read in conjunction with this report in considering the results of our audit.

The Management Discussion and Analysis (pages I-XI), Budgetary Comparison Schedule, (pages 45 through 47), and the GASB 27- Schedule of Funding Progress (pages 48 through 49) are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City of Colquitt, Georgia's basic financial statements. The accompanying schedule of special purpose local option sales tax is presented for purposes of additional analysis as required by Georgia statutes (48-8-121 OCGA) and is not a required part of the financial statements of the City of Colquitt, Georgia. Additionally, in the supplemental section, the combining and individual fund statements on pages 50 through 57 and the schedules on pages 58 through 62 are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Colquitt, Georgia. The accompanying schedule of expenditures of federal awards (page 65) is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not part of the basic financial statements of the City of Colquitt, Georgia. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Perry L. Henry, LLC

Perry L. Henry, LLC
Certified Public Accountant
Bainbridge, Georgia
January 25, 2012

CITY OF COLQUITT, GEORGIA

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

As management of the City of Colquitt, Georgia, we offer readers of the City of Colquitt, Georgia's financial statements this narrative overview and analysis of the financial activities of the City of Colquitt for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which begin on page 1 and the Notes to the Financial Statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

The City's net assets totaled $7,277,385 for its governmental and business-type activities, an increase of $1,195,026 over the previous fiscal year.

- Total combined revenues for governmental and business-type activities were $5,659,219.
- Overall expenses were $4,464,193, of which governmental activities were $2,561,875 and business-type activities were $1,902,318.
- As of June 30, 2011, governmental activities' expenses exceeded program revenue, resulting in the use of $958,420 in general revenues (primarily taxes).
- In the City's business-type activities, revenues were $2,715,245 and expenses were $1,902,318, for an operating profit of approximately $812,927 for 2011.
- The General Fund resources available for appropriation were $15,767 less than budgeted and expenditures were $70,421 less than budgeted.
- The combined governmental funds' balance as of June 30, 2011 was $(206,523) of which the General Fund comprised $(305,836), the Pataula Drug Task Force – Grant Funds comprised $600, the CDBG Capital Projects Fund 09 comprised $4,072, and other governmental funds comprised $94,641.
- The General Fund reported a decrease of $6,119 in unassigned fund balance to $(308,336) from the prior fiscal year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 1 - 3) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. The governmental fund financial statements start on page 4. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-wide Reporting:

The Statement of Net Assets and the Statement of Activities

Our analysis of the City as a whole begins on page IV. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the type of accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall well being of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

- Governmental activities—Most of the City's basic services are reported here, including the public safety, public works, parks and recreation, community development, code enforcement, as well as general administration. Property taxes, fees, fines, licenses, permits, charges for services, and state and federal grants finance most of these activities.
- Business-type activities—The City charges a fee to customers to help it cover the cost of certain services it provides. The City's Water and Sewer, Natural Gas, Sanitation Services and Golf Course are reported here.
- Component units— The City includes two separate legal entities in its report – the Pataula Judicial Regional Drug Task Force and the Colquitt Downtown Development

Authority. Although legally separate, these "component units" are important because the City is either financially accountable, or may maintain control by means of appointments to the governing boards of these organizations. Financial Statements for the City's discretely presented component units are found beginning on page 13.

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page VII. The fund financial statements begin on page 4 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required by State law and by bond covenants. However, the City establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like grants received from the State of Georgia). The City's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between government-wide information (reported in the Statement of Net Assets and the Statement of Activities) and governmental fund information in reconciliations on pages 5 and 7, respectively.
- Proprietary funds—When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for water and sewer, gas, environmental services, and golf course proprietary funds. The proprietary fund statements begin on page 8.
- Fiduciary fund—this fund is used to account for assets held for others. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities on page 12. This agency funds' balances are due to others as of the fiscal year-end. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET ASSETS:

The City's combined net assets increased $1,195,026 from a year ago—from $6,082,359 to $7,277,385. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
Net Assets
(000's Omitted)

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
Assets:	2010	2011	2010	2011	2010	2011	2010-2011
Current assets	$ 1,599	$ 1,542	$ 1,011	$ 1,114	$ 2,610	$ 2,656	1.8%
Capital assets- net	2,193	2,462	9,889	10,830	12,082	13,292	10.0%
Total assets	**3,792**	**4,004**	**10,900**	**11,944**	**14,692**	**15,948**	**8.5%**
Liabilities:							
Long-term debt outstanding	105	64	5,625	5,812	5,730	5,876	2.5%
Other liabilities	1,855	1,762	1,025	1,032	2,880	2,794	-3.0%
Total liabilities	**1,960**	**1,826**	**6,650**	**6,844**	**8,610**	**8,670**	**0.7%**
Net assets:							
Invested in capital assets, net of debt	2,089	2,399	3,505	4,314	5,594	6,713	20.0%
Restricted	63	10	-	-	63	10	-84.1%
Unrestricted (deficit)	(320)	(231)	745	786	425	555	30.6%
Total net assets	**$ 1,832**	**$ 2,178**	**$ 4,250**	**$ 5,100**	**$ 6,082**	**$ 7,278**	**19.7%**

The City's total net assets (governmental and business-type activities) were $7,277,385 as of June 30, 2011. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements – were $555,044 at the end of this year.

The largest portion of the City's net assets (approximately 92%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, sidewalks) less any debt used to acquire those assets that remain outstanding. The City uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The total net assets of our business-type activities increased by 20 percent to $5,099,747 compared to $4,250,105 in 2010. Our business-type activities showed a net operating profit of $812,927 and had no investment income.

The City reports positive net asset balances in all of its enterprise activities (Natural Gas, Water and Sewer, Golf Course, and Sanitation). These activities are presented in more detail on pages 8 through 11.

CHANGES IN NET ASSETS:

The City's total change in net assets was $345,384 from the prior fiscal year as a result of its governmental activities and an increase of $849,642 as a result of its business-type activities.

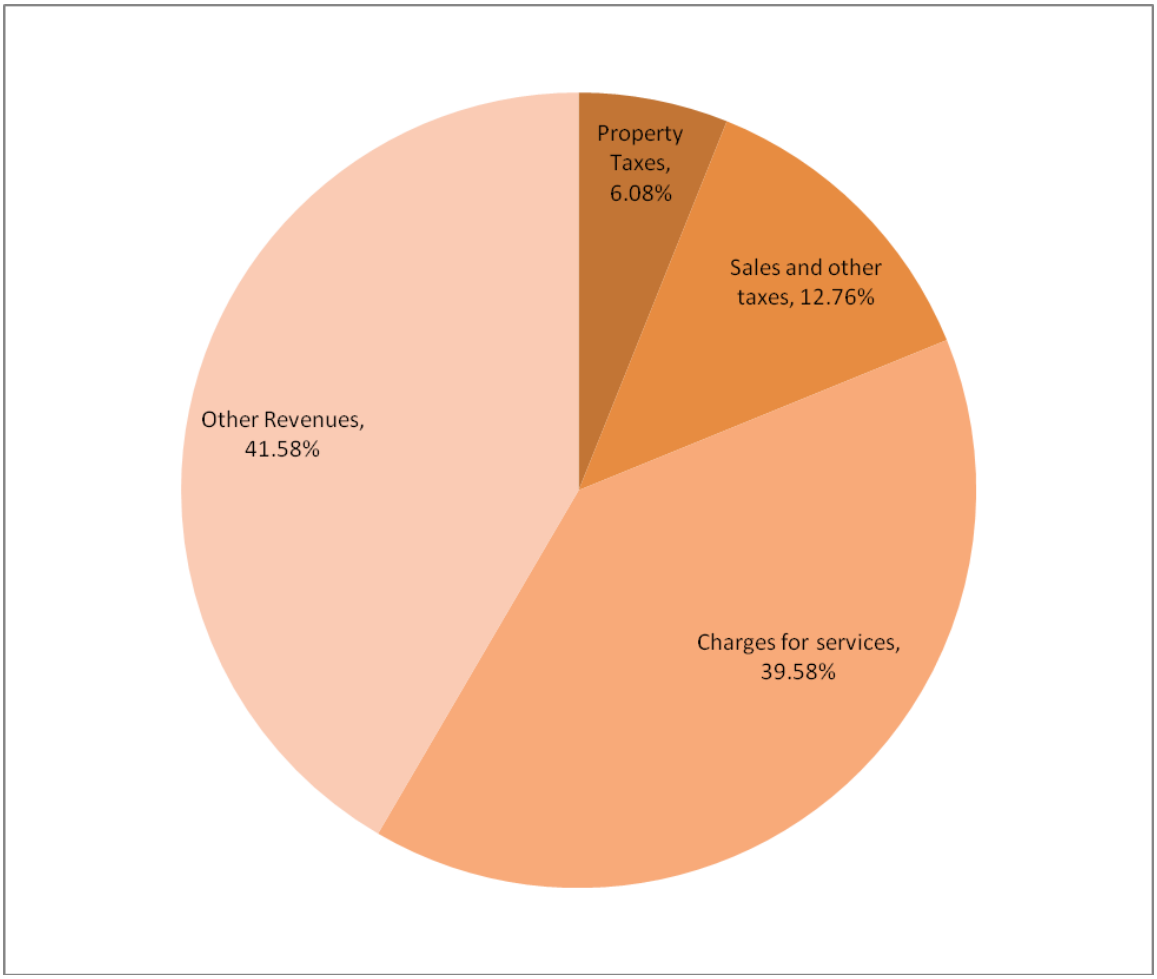
Table 2
Changes in Net Assets
(000's Omitted)

	Governmental Activities		Business-Type Activities		Total Primary Government		Total % Change
	2010	2011	2010	2011	2010	2011	2010-2011
Revenues							
Program revenues:							
Charges for services	$ 268	$ 332	$ 2,039	$ 1,908	$ 2,307	$ 2,240	-2.9%
Operating grants	-	89	222	106	$ 222	195	-12.2%
Capital grants	612	1,183	424	701	1,036	1,884	81.9%
General revenues:				-			
Property taxes	335	344	-	-	335	344	2.7%
Other taxes	648	722	-	-	648	722	11.4%
Investment earnings	15	11	-	-	15	11	-26.7%
Other revenues	71	263	-	-	71	263	270.4%
Total general / program revenues	**1,949**	**2,944**	**2,685**	**2,715**	**4,634**	**5,659**	**22.1%**
Program Expense							
General government	491	593	-	-	491	593	20.8%
Judicial	-	18	-	-	-	18	#DIV/0!
Public safety	1,036	1,338	-	-	1,036	1,338	29.2%
Public works	366	385	1,405	1,376	1,771	1,761	-0.6%
Culture and recreation	47	86	531	526	578	612	5.9%
Housing and development	211	137	-	-	211	137	-35.1%
Interest and fiscal charges	10	4	-	-	10	4	-60.0%
Total program expenses	**2,161**	**2,561**	**1,936**	**1,902**	**4,097**	**4,463**	**8.9%**
Changes in net assets before special and extraordinary items and transfers	(212)	383	749	813	537	1,196	122.7%
Special item – sale of capital assets	-	(1)	8	-	8	(1)	-112.5%
Transfers	51	(37)	(51)	37	-	-	100.0%
Changes in net assets	**$ (161)**	**$ 345**	**$ 706**	**$ 850**	**$ 545**	**$ 1,195**	**119.3%**

Depreciation expenses of $447,122 were allocated to the above functions. $192,102 was allocated to the function of governmental activities and $255,020 was allocated to the function of business-type activities.

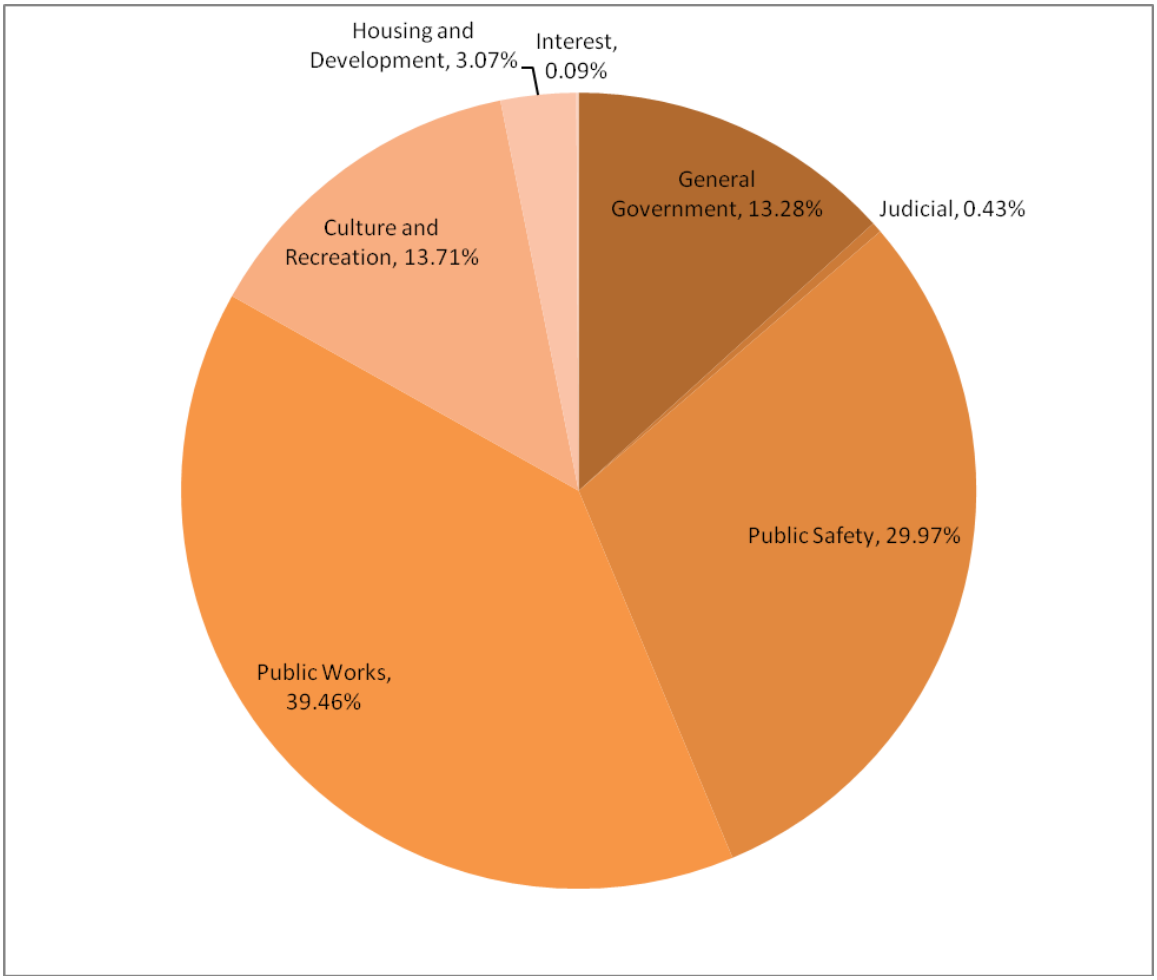
As can be seen from the chart following, approximately 6.08% of the City's combined total revenue is provided by property taxes, 39.58% by fees, fines, charges for services, an additional 12.76% by sales and other taxes and the remaining 41.58% by a combination of grants, investment income and other revenues. The City charges fees for services as varied as providing copies of documents, issuing building permits, water and sewer, natural gas and environmental services.

Revenue Sources – FY 2011



The City's major expenses, at 39.46% of the combined total, are clearly in the area of providing public works activities. These services include providing services relating to natural gas, water and sewer, sanitation, as well as construction and maintenance of city streets and fire and police protection.

Program Expenses – FY 2011



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City of Colquitt uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The objective of the City's governmental funds is to provide information on near-term activity and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City ended the 2011 fiscal year with a balance of $(206,523) in its governmental funds. Of this, there is a non-spendable portion of $2,500 in the General Fund. Restricted fund balance is made up of $64,344 restricted for public safety, $4,072 restricted for capital projects, $23,576 restricted for public works, $6,063 restricted for recreation, and $1,258 restricted for judicial purposes. Unassigned fund balance is made up of ($308,336) in the General Fund.

Major Funds – Governmental:

General Fund

The General Fund is the operating fund of the City. At the end of the current year, the fund balance was a negative $305,836. Since this fund balance is negative, the general fund has no unassigned fund balance at fiscal year-end.

The fund balance in the General Fund decreased approximately $6,119 during FY 2011, primarily due to expenditures exceeding revenues. Additional information about the General Fund can be found on pages 4,6, and 45.

Pataula Drug Task Force – Grant Funds Fund

The City of Colquitt serves as the host entity for the Edward Byrne Memorial Justice Assistance Grant Program. The Pataula Drug Task Force Grant Funds Fund accounts for the receipts and disbursements related to this grant.

At the end of the current year, fund balance in the Pataula Drug Task Force Grant Funds Fund was $600, which is restricted for public safety purposes.

CDBG Capital Projects Fund 09

The CDBG Capital Projects Fund 09 accounts for the receipts and disbursements of the Community Development Block Grant that the City was awarded on September 25, 2009. At the end of the current year, fund balance in the CDBG Capital Projects Fund 09 was $4,072, which is restricted for capital projects.

Other Governmental Funds:

Combined assets were $114,077; with current liabilities of $19,436 and fund balance of $63,744 restricted for public safety, $23,576 restricted for public works, $6,063 restricted for recreation, and $1,258 restricted for judicial purposes for the year ended June 30, 2011. These totals are a combination of the following:

Special Revenue Funds

The City uses special revenue funds to account for the collection and disbursement of revenues that are legally restricted to expenditures for specific purposes. Included in this classification are:

- Hotel/Motel Taxes
- Confiscated Assets
- Recreation Department
- Municipal Technology
- Municipal Jail

Debt Service Fund

The SPLOST Debt Service Fund is used to account for the accumulation of resources and payments of notes payable principal and interest when the City is obligated for the payment. These notes payable are associated with equipment used in the public works, police and fire departments as approved by the SPLOST referendum.

Capital Projects Funds

These funds are used to account for the acquisition and construction of major capital facilities, other than those financed by proprietary funds. Capital Projects Funds had on hand $103,974 in assets, $17,439 in liabilities and a restricted fund balances of $86,535. The City has the following three non-major capital projects funds:

- SPLOST # 3 Police Capital Projects Fund
- SPLOST # 3 Fire Capital Projects Fund
- SPLOST # 3 Public Works Capital Projects Fund

Details of these funds are on pages 50 through 57.

Proprietary Funds

The City reports four business-type activities as major funds. The Gas Revenue, Environmental Services, Water & Sewer, and Golf Course funds are reported as major funds. The City did not have any non-major proprietary funds. The Gas Revenue, Environmental Services, Water & Sewer and Golf Course funds had combined net operating income of $201,063 for the year ended June 30, 2011. More detailed information about the City's proprietary funds can be found on pages 8 through 11.

The fund statements for the proprietary funds look much like the business-type activities in the government-wide statements. Proprietary fund financial information is measured with the same principles used by commercial enterprises, so this information does not change from the fund statements to the government-wide statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level. The most significant budget is that of the General Fund. The City Council amends this budget throughout the fiscal year, as

needed. Budgets are amended to reflect unanticipated changes in revenue collections and operating conditions.

The City's original and final budget projected a deficiency of revenues over expenditures of $13,000 and $150,861, respectively. Actual expenditures exceeded revenues in the amount of $123,352. The City's General Fund budget was not amended during the fiscal year.

Actual revenues were $15,767 less than budgeted; actual expenditures were $70,421 less than budgeted resulting in a $54,654 positive variance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounts to $13,292,436, net of accumulated depreciation of $(4,730,868). This investment in capital assets includes land, site improvements, construction-in-progress, buildings and building improvements, equipment, and, beginning with fiscal year 2004, infrastructure.

Infrastructure assets (roads, bridges, curbs, gutters, storm drains, and so forth) are items that have been heretofore not considered assets at all by this City, having been viewed as immovable, without a market in which they could be sold, without readily determinable current values, possessed of both erratic and unpredictable useful lives, subject to continual acts of God (and man), and of indeterminable salvage value, at best.

Total capital assets, net of additions, retirements and depreciation, increased $268,651 for governmental activities and increased $941,103 for business-type activities. Depreciation expense for the period was $447,122. Additional information on capital assets can be found in Note 3 of the Notes to the Financial Statements, beginning on page 26.

Long-term Debt

As of June 30, 2011, the City of Colquitt had $5,876,266 in outstanding long-term debt principal, of which $346,215 is due within one year.

Outstanding debt increased by $147,093 as compared to last year. The increase in debt was due to $497,310 in new debt issued during the fiscal year.

The principal outstanding on the City's long-term debt is summarized in the following table:

City of Colquitt, Georgia
Outstanding Debt (000's Omitted)

	Governmental Activities	Business-type Activities	Total
Notes and capital leases payable	$ 64	$ 5,813	$ 5,877
	$ 64	$ 5,813	$ 5,877

The City Council sets rigorous standards for sound financial management of the City, continually reviewing the needs of the community with the costs of providing for those needs and the various sources of funding available.

The City Council annually adopts a balanced budget, sets the millage rate to provide general revenues to cover the costs of all City programs that are not covered by specific program revenues, maintains an adequate unassigned general fund balance, and adopts such financial policies as to enhance their ability to maintain a safe and sound financial structure for the City. Additional information about the City's long-term debt can be found in Note 4 of the Notes to the Financial Statements, beginning on page 28.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2011 budget, including, but not limited to, tax rates and fees that will be charged for services.

The City Council actively participates in regional planning with State and Federal agencies, Miller County, neighboring counties, and municipalities to maximize services to our citizens and to provide these services as economically reasonable as possible.

It is the desire of the City Council to provide the highest level of service at the most economical cost to our citizens.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Colquitt, 154 West St., Colquitt, GA, 39837 or call 229-758-3412.

City of Colquitt, Georgia
Statement of Net Assets
June 30, 2011

ASSETS	Governmental Activities	Business-Type Activities	Total	Component Unit
Cash on hand and in banks	$ -	$ 784,917	$ 784,917	$ 281,356
Receivables (net, where applicable, of allowances for uncollectible):				
Taxes	30,046	-	30,046	-
Accounts	-	124,669	124,669	-
Accrued interest	-	1,883	1,883	-
Other	1,300,250	-	1,300,250	84,417
Due from other governments	123,546	897	124,443	-
Inventory, at cost	2,500	123,150	125,650	-
Prepaid expenses	11,650	7,416	19,066	-
Restricted assets	73,555	71,016	144,571	-
Land and construction in progress	670,323	2,526,266	3,196,589	533,229
Other capital assets, net of depreciation	1,791,744	8,304,103	10,095,847	890,307
Total Assets	4,003,614	11,944,317	15,947,931	1,789,309
LIABILITIES				
Accounts payable	41,694	89,500	131,194	49,139
Bank Overdrafts - (Net)	146,102	-	146,102	-
Accrued liabilities	-	80,238	80,238	-
Deferred revenue	-	113,183	113,183	75,096
Short-term notes payable	1,536,135	703,964	2,240,099	275,070
Long-term liabilities:				
Compensated absences payable	38,527	44,937	83,464	-
Portion due and payable within one year:				
Notes and capital leases	47,987	298,228	346,215	-
Portion due and payable after one year:				
Notes and capital leases	15,531	5,514,520	5,530,051	-
Total Liabilities	1,825,976	6,844,570	8,670,546	399,305
NET ASSETS				
Investment in capital assets, net of related debt	2,398,549	4,313,657	6,712,206	1,148,466
Restricted for:				
Capital projects	4,072	-	4,072	-
Special Revenue Fund	6,063	-	6,063	-
Other purposes	-	-	-	227,158
Unrestricted	(231,046)	786,090	555,044	14,380
Total net assets	$ 2,177,638	$ 5,099,747	$ 7,277,385	$ 1,390,004

The accompanying notes are an integral part of these financial statements.

City of Colquitt, Georgia
Statement of Activities
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Governmental:								
General Government	$ 592,958	$ 209,737	$ -	$ 561,425	$ 178,204		$ 178,204	
Judicial	18,518	4,853	-	-	(13,665)		(13,665)	
Public Safety	1,337,681	117,310	-	443,194	(777,177)		(777,177)	
Public Works	385,408	-	-	178,146	(207,262)		(207,262)	
Recreation	86,567	-	88,790	-	2,223		2,223	
Housing and Development	136,862	-	-	-	(136,862)		(136,862)	
Interest on Long-Term Debt	3,881	-	-	-	(3,881)		(3,881)	
Total governmental activities	2,561,875	331,900	88,790	1,182,765	(958,420)		(958,420)	
Business-type:								
Water and Sewer	736,023	865,079	-	701,227	-	$ 830,283	830,283	
Gas	355,545	272,266	-	-	-	(83,279)	(83,279)	
Environmental Services	284,913	369,111	-	-	-	84,198	84,198	
Golf Course	525,837	401,725	105,837	-	-	(18,275)	(18,275)	
Total business-type activities	1,902,318	1,908,181	105,837	701,227	-	812,927	812,927	
Total primary government	$ 4,464,193	$ 2,240,081	$ 194,627	$ 1,883,992	(958,420)	812,927	(145,493)	
Component units:								
Pataula Judicial Circuit Regional Drug Task Force	$ 275,011	$ 32,869	$ 302,998	$ -				$ 60,856
City of Colquitt Downtown Development Authority	764,397	516,464	250,402	-				2,469
Total component units	$ 764,397	$ 516,464	$ 250,402	$ -				63,325

The accompanying notes are an integral part of these financial statements.

City of Colquitt, Georgia
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Net (Expenses) Revenues and Changes in Net Assets			
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Changes in Net assets:				
Net (expenses) revenue (Page 2)	(958,420)	812,927	(145,493)	63,325
General revenues:				
Taxes				
Property taxes, levied for general purposes	344,310	-	344,310	-
Sales and use taxes	312,076	-	312,076	-
Alcoholic beverages taxes	69,170	-	69,170	-
Business taxes	148,274	-	148,274	-
Franchise taxes	185,435	-	185,435	-
Other taxes, penalties and interest	7,276	-	7,276	-
Investment Earnings	11,147	-	11,147	400
Miscellaneous	263,462	100	263,562	8,043
Special item - Sale of capital assets - Gain(Loss)	(731)	-	(731)	-
Transfers	(36,615)	36,615	-	-
Total general revenues and special items	1,303,804	36,715	1,340,519	8,443
Change in net assets	345,384	849,642	1,195,026	71,768
Net assets - Beginning of Year	1,832,254	4,250,105	6,082,359	1,318,236
Net assets - End of Year	$ 2,177,638	$ 5,099,747	$ 7,277,385	$ 1,390,004

The accompanying notes are an integral part of these financial statements.

City of Colquitt, Georgia
Balance Sheet
Governmental Funds
June 30, 2011

	General	Pataula Drug Task Force - Grant Funds	CDBG Capital Projects Fund 09	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash	$ -	$ 600	$ 4,072	$ 69,277	$ 73,949
Receivables (net, where applicable, of allowances for uncollectible)					
Tax, penalties and liens	30,046	-	-	-	30,046
Notes receivable	1,300,250	-	-	-	1,300,250
Due from other governments	78,746	-	-	44,800	123,546
Inventory at cost	2,500	-	-	-	2,500
Total Assets	$ 1,411,542	$ 600	4,072	$ 114,077	$ 1,530,291
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 22,258	$ -	-	$ 19,436	$ 41,694
Bank overdraft - (Net)	146,496		-	-	146,496
Deferred revenue	12,489	-	-	-	12,489
Short-term notes payable	1,536,135	-	-	-	1,536,135
Total Liabilities	1,717,378	-	-	19,436	1,736,814
Fund Balances:					
Nonspendable:					
Inventories	2,500	-	-	-	2,500
Restricted for:					
Public Safety	-	600	-	63,744	64,344
Capital Projects	-	-	4,072	-	4,072
Public Works	-	-	-	23,576	23,576
Recreation	-	-	-	6,063	6,063
Judicial	-	-	-	1,258	1,258
Unassigned	(308,336)	-	-	-	(308,336)
Total Fund Balances	(305,836)	600	4,072	94,641	(206,523)
Total Liabilities and Fund Balances	$ 1,411,542	$ 600	$ 4,072	$ 114,077	$ 1,530,291

The accompanying notes are an integral part of these financial statements.

City of Colquitt, Georgia
Reconciliation of the Governmental Funds Balance Sheet
to the Statements of Net Assets
June 30, 2011

Total *fund* balances for governmental funds		$ (206,523)
Total *net assets* reported for governmental activities in the Statement of Net Assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land and construction in progress	670,323	
Other capital assets	3,442,602	
Total capital assets	4,112,925	
Accumulated depreciation	(1,650,858)	
Total Assets - net	2,462,067	2,462,067
Some of the City's property tax revenues have been received and deferred under the modified accrual basis of accounting. These revenues are recognized under the accrual basis of accounting.		12,489
Governmental funds recognize expenditures for insurance using the purchases method. However, the Statement of Activities uses the accrual method and, thus, only the amount of insurance benefits is recognized as an expense when it is consumed. The unconsumed insurance is recorded as an asset.		11,650
Long-term liabilities, including notes and capital leases payable, are not due and payable in the current period and therefore are reported in the funds.		(102,045)
Total net assets of governmental activities		$ 2,177,638

The accompanying notes are an integral part of these financial statements.

City of Colquitt, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Pataula Drug Task Force - Grant Funds	CDBG Capital Projects Fund 09	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 1,041,759	$ -	$ -	$ 8,238	$ 1,049,997
Licenses and permits	33,263	-	-	-	33,263
Fines & forfeitures	117,912	-	-	4,853	122,765
Intergovernmental	198,846	323,771	$ 516,147	318,989	1,357,753
Charges for services	59,799	600	-	-	60,399
Investment income	10,983	-	-	325	11,308
Private donations	67,209	-	-	-	67,209
Miscellaneous	224,888	-	-	5,309	230,197
Total Revenues	1,754,659	324,371	516,147	337,714	2,932,891
Expenditures					
Current					
General government	486,906	-	-	-	486,906
Judicial	14,923		-	3,595	18,518
Public safety	836,186	323,771	-	7,845	1,167,802
Public works	227,777	-	-	-	227,777
Recreation	980	-	-	84,560	85,540
Housing and development	23,067	-	-	7,847	30,914
Capital Outlay					
Public safety	-	-	-	82,643	82,643
Public works	65,907	-	-	67,726	133,633
Housing and development	-	-	512,075		512,075
Culture and recreation	-	-	-	7,000	7,000
Debt Service					
Principal	-	-	-	48,080	48,080
Interest	78,393	-	-	4,420	82,813
Total Expenditures	1,734,139	323,771	512,075	313,716	2,883,701
Excess (Deficiency) of Revenues over Expenditures	20,520	600	4,072	23,998	49,190
Other Financing Sources (Uses)					
Transfers in	3,385	-	-	48,469	51,854
Transfers (out)	(40,000)	-	-	(48,469)	(88,469)
Sale of capital assets	9,976	-	-	-	9,976
Proceeds from loans	-	-	-	7,000	7,000
Total Other Financing Sources (Uses)	(26,639)	-	-	-	(19,639)
Net Changes in Fund Balance	(6,119)	600	4,072	23,998	29,551
Fund Balance - Beginning of Year	(299,717)	-	-	63,643	(236,074)
Fund Balance - End of Year	$ (305,836)	$ 600	$ 4,072	$ 87,641	$ (206,523)

The accompanying notes are an integral part to these financial statements.

City of Colquitt, Georgia
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Net Activities
For the Fiscal Year Ended June 30, 2011

Net change in fund balances - total governmental funds	$	29,551
The change in net assets reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		279,358
In governmental funds, capital assets are not recorded in the fund. Thus, a disposal of an asset has no effect in the governmental fund, other than recording of the proceeds, if any, from the sale. However, the Statement of Activities recognizes a loss.		(10,707)
Some capital additions were financed through debt agreements. In governmental funds, a long-term debt agreement is considered a source of financing, but in the Statements of Net Assets, the debt is reported as a liability.		(7,000)
Note payments are reported as expenditures in the governmental funds, but reduces the liability in the Statement of Net Assets.		48,061
Change in compensated absences		(5,590)
Governmental funds defer all tax revenues not collected within 60 days of year-end. However, the Statement of Activities uses the accrual method and, thus, the entire amount is recognized as revenue, regardless of the collection date.		11,711
Change in net assets of governmental activities	$	345,384

The accompanying notes are an integral part of these financial statements.

City of Colquitt, Georgia
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Water & Sewer	Gas Revenue	Environmental Services	Golf Course	Total
Assets					
Current assets:					
Cash	$ 632,388	$ -	$ 148,556	$ 3,972	$ 784,916
Accounts receivable (net)	84,976	11,268	30,098	210	126,552
Due from other governments	-	897	-	-	897
Inventory at cost	8,000	115,150	-	-	123,150
Prepaid expenses	4,438	1,477	920	581	7,416
Restricted assets:					
Cash	65,766	5,250	-	-	71,016
Non-current assets:					
Property, plant & equipment (net of accumulated depreciation)	9,812,075	221,515	402,648	394,130	10,830,368
Total Assets	10,607,643	355,557	582,222	398,893	11,944,315
Liabilities					
Current Liabilities:					
Accounts payable	12,445	173,319	9,026	7,890	202,680
Compensated absences payable	23,318	6,057	4,409	11,153	44,937
Notes and capital leases-Short-term	420,824	-	58,015	225,125	703,964
Notes and capital leases-Current Portion	226,211	-	62,767	9,250	298,228
Total current liabilities	693,121	179,376	134,217	253,418	1,260,132
Current liabilities payable from restricted assets:					
Deposits	65,005	4,910	-	-	69,915
Total current liabilities payable from restricted resources	65,005	4,910	-	-	69,915
Non-current liabilities:					
Notes and capital leases-Long-term Portion	5,314,407	-	196,446	3,667	5,514,520
Total non-current liabilities	5,314,407	-	196,446	3,667	5,514,520
Total Liabilities	6,072,533	184,286	330,663	257,085	6,844,567
Net Assets					
Investment in capital assets, net of related debt	3,850,633	221,515	85,420	156,088	4,313,656
Unrestricted	684,477	(50,244)	166,139	(14,280)	786,092
Total Net Assets	$ 4,535,110	$ 171,271	$ 251,559	$ 141,808	$ 5,099,748

The accompanying notes are an integral part of these financial statements.

City of Colquitt, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds				
	Water & Sewer	Gas Revenue	Environmental Services	Golf Course	Total
Operating Revenues					
Charges for services	$ 865,079	$ 272,266	$ 369,211	$ 401,725	$ 1,908,281
Total Operating Revenues	865,079	272,266	369,211	401,725	1,908,281
Operating Expenses					
Salaries and benefits	179,810	96,080	92,381	244,071	612,342
Services and supplies	216,936	249,176	131,529	242,214	839,855
Depreciation	179,424	10,289	49,041	16,267	255,021
Total Operating Expenses	576,170	355,545	272,951	502,552	1,707,218
Operating Income (Loss)	288,909	(83,279)	96,260	(100,827)	201,063
Non-Operating Revenues (Expenses)					
Intergovernmental payments	-	-	-	(100)	(100)
Interest and fiscal charges	(159,853)	-	(11,962)	(23,184)	(194,999)
Total Non-Operating Revenues (Expenses)	(159,853)	-	(11,962)	(23,284)	(195,099)
Income (Loss) before capital contributions	129,056	(83,279)	84,298	(124,111)	5,964
Capital contributions	701,227	-	-	105,837	807,064
Income (loss) before transfers	830,283	(83,279)	84,298	(18,274)	813,028
Transfers In	-	-	-	40,000	40,000
Transfers (Out)	(1,608)	(254)	-	(1,523)	(3,385)
Net Transfers In (Out)	(1,608)	(254)	-	38,477	36,615
Change in Net Assets	828,675	(83,533)	84,298	20,203	849,643
Net Assets - Beginning of Year	3,706,435	254,804	167,261	121,605	4,250,105
Net Assets - End of Year	$ 4,535,110	$ 171,271	$ 251,559	$ 141,808	$ 5,099,748

The accomanying notes are an integral part of these financial statements.

City of Colquitt, Georgia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Water & Sewer	Gas Revenue	Enviromental Services	Golf Course	Totals
Cash Flows From Operating Activities					
Cash received from customers	$ 852,572	$ 269,999	$ 365,045	$ 401,561	$ 1,889,177
Cash payments to suppliers for goods and services	(204,349)	(199,346)	(143,984)	(243,010)	(790,689)
Cash payments to employees for services	(169,424)	(97,973)	(92,047)	(241,169)	(600,613)
Net Cash Provided by Operating Activities	478,799	(27,320)	129,014	(82,618)	497,875
Cash Flows From (used for) Noncapital Financing Activities					
Transfers in from other funds	-	-	-	40,000	40,000
Transfers out to other funds	(1,608)	(254)	-	(1,523)	(1,862)
Net Cash Provided by Noncapital Financing Activities	(1,608)	(254)	-	38,477	38,138
Cash Flows From (Used for) Capital and Related Financing Activities					
Contributed capital	701,227	-	-	105,837	807,064
Intergovernmental payments	-	-	-	(100)	(100)
Acquisition of capital assets	(1,167,523)	-	(23,000)	(5,600)	(1,196,123)
Proceeds from long-term debt agreements	466,295	-	24,015	-	490,310
Principal payments short-term debt agreements	(18,340)	-	(20,000)	(17,575)	(55,915)
Principal payments long-term note & agreements	(244,175)	-	(48,729)	(9,249)	(302,153)
Interest paid on notes & capital leases	(159,853)	-	(11,962)	(23,184)	(194,999)
Net Cash Used for Capital and Related Financing Activities	(422,369)	-	(79,676)	50,129	(451,916)
Net Increase (Decrease) in Cash and Cash Equivalents	54,822	(27,574)	49,338	5,988	82,574
Cash and Cash Equivalents - Beginning of Year	643,332	32,824	99,218	(2,016)	773,358
Cash and Cash Equivalents - End of Year	$ 698,154	$ 5,250	$ 148,556	$ 3,972	$ 855,932
Displayed as:					
Cash on hand and in banks	$ 632,388	$ -	$ 148,556	$ 3,972	$ 784,916
Restricted asets:					
Cash and investments at cost	65,766	5,250	-	-	71,016
Totals	$ 698,154	$ 5,250	$ 148,556	$ 3,972	$ 855,932

The accompanying notes are an integral part of these financial statements.

City of Colquitt, Georgia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Water & Sewer	Gas Revenue	Environmental Services	Golf Course	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income (Loss)	$ 288,909	$ (83,279)	$ 96,260	$ (100,827)	$ 201,063
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	179,424	10,289	49,041	16,267	255,021
Change in assets and liabilities:					
Decrease (Increase) in accounts receivable	(12,507)	(2,267)	(4,166)	(164)	(19,104)
Decrease (Increase) prepaid expenses	-	-	-	(581)	(581)
Increase (Decrease) in payables	2,118	50,040	(12,455)	(335)	39,368
Increase (Decrease) in compensated absences	10,386	(1,893)	334	2,902	11,729
Increase (Decrease) in other current liabilities	10,469	(210)	-	120	10,379
Total Adjustments	189,890	55,959	32,754	18,209	296,812
Net Cash Provided by Operating Activities	$ 478,799	$ (27,320)	$ 129,014	$ (82,618)	$ 497,875

The accompanying notes are an integral part of these financial statements.

City of Colquitt, Georgia
Statement of Fiduciary Assets and Liabilities
For the Fiscal Year Ended June 30, 2011

	Agency Fund-Municipal Court Fund
Assets	
Cash	$ 7,717
Total Assets	$ 7,717
Liabilities	
Due to others	$ 7,717
Total Liabilities	$ 7,717

The accompanying notes are an integral part of these financial statements.

City of Colquitt, Georgia
Statement of Net Assets
Component Units
June 30, 2011

	Pataula Judicial Circuit Regional Drug Task Force	City of Colquitt Downtown Development Authority	Totals
Assets			
Cash	$ 280,689	$ 667	$ 281,356
Other receivables	84,417	-	84,417
Total current assets	365,106	667	365,773
Property, plant and equipment, net	101,777	1,321,759	1,423,536
Total assets	$ 466,883	$ 1,322,426	$ 1,789,309
Current liabilities:			
Accounts payable, trade	$ 9,802	$ 39,337	$ 49,139
Deferred Revenue	73,649	1,447	75,096
Short-term notes payable	-	275,070	275,070
Total current liabilities	83,451	315,854	399,305
Total liabilities	83,451	315,854	399,305
Net assets:			
Invested in capital assets, net of related debt	101,777	1,046,689	1,148,466
Restricted	227,158	-	227,158
Unrestricted	54,497	(40,117)	14,380
Total net assets	383,432	1,006,572	1,390,004
Total liabilities and net assets	$ 466,883	$ 1,322,426	$ 1,789,309

The accompanying notes are an integral part of these financial statements.

City of Colquitt, Georgia
Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2011

Activities:	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Drug Task Force	Net (Expenses) Revenues and Changes in Net Assets: Development Authority	Net (Expenses) Revenues and Changes in Net Assets: Total
Component units:						
Pataula Judicial Circuit Regional Drug Task Force	$ 275,011	$ 32,869	$ 302,998	$ 60,856	$ -	$ 60,856
City of Colquitt Downtown Development Authority	764,397	516,464	250,402	-	2,469	2,469
Total component units	$ 40,942,732	$ 37,623,413	$ 1,249,938	60,856	2,469	63,325
General Revenues:						
Investment				374	26	400
Miscellaneous				-	8,043	8,043
Total General Revenues				374	8,069	8,443
Change in Net Assets				61,230	10,538	71,768
Net assets - beginning				322,202	996,034	1,318,236
Net assets - ending				$ 383,432	$ 1,006,572	$ 1,390,004

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Colquitt, Georgia, was incorporated under the provisions of the Basic Charter Act, Act No. 325, of the Laws of 1901 of the State of Georgia, as amended. The City's Charter was last amended by an act of the Georgia General Assembly on April 17, 1975, (Act No. 285 GA Laws pp. 3521-3552). The City operates under a mayor-council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture-recreation, education, public improvements, planning and zoning, water, sewer and gas services and general administrative services.

The accounting policies of the City of Colquitt conform in all material respects to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Principles of Determining Scope of Reporting Entity

Section 2100 of the standards published by the Governmental Accounting Standards Board (GASB) defines the reporting entity as the primary government and all its component units, if any. According to GASB-14, the identification of a financial reporting entity is based on the concept of financial accountability. GASB-14 defines a primary government as a government that:

1. Has a separately elected governing body;
2. Is legally separate;
3. Is fiscally independent of other state and local governments.

For financial reporting purposes, in accordance with the criteria in GASB Standards, the City includes all funds, agencies, boards, commissions and authorities that are within its primary government. A component unit is a legally separate organization for which elected officials of a primary government are financially accountable. There are three sets of criteria that the City evaluates to determine whether a potential component unit will be included in the reporting entity of the City of Colquitt. They are (1) financial accountability; (2) financial accountability as a result of fiscal dependency; and (3) misleading to exclude the component unit.

The reporting entity of the City of Colquitt includes all the funds of the City that comprise the primary government as reported in the basic financial statements as well as the discretely presented component unit described below.

Discretely Presented Component Unit

The City of Colquitt Downtown Development Authority is a duly organized authority existing under and by virtue of the laws of the State of Georgia. The City Council appoints all members of the Authority's board. The Colquitt Downtown Development Authority does not issue separate financial statements. Although the Authority is a legally separate entity, the City has the ability to impose its will on the Authority.

The Pataula Judicial Circuit Regional Drug Task Force, a separate legal entity, was created for the purpose of facilitating the investigation, arrest, prosecution, and conviction of those residents and non-residents in the Pataula Drug Task Force jurisdiction who are involved in the manufacture, use, distribution and sale of illicit drugs. The governing bodies of Clay, Early, Miller, Randolph, and Seminole counties, and the cities of Colquitt, Damascus, Donalsonville, Fort Gaines, Jakin, and Shellman are the participating entities that have formed the Pataula Judicial Circuit Regional Drug Task Force. These local governments have executed an intergovernmental agreement that requires the creation of a control board consisting of a chairman and vice-chairman elected for a term of two years, and names the City of Colquitt, through the Mayor and Members of the City Council, to serve as the host city. Complete financial statements may be obtained at 2 Mayhaw Road, Colquitt, GA 39837.

Related Organizations

The City appoints all, or a certain number of board members to particular commissions and/or authorities. The City does not exercise full oversight responsibility over these commissions and/or authorities. Any contributions to these entities are recorded as expenditures in governmental funds. The aforementioned entities are the Housing Authority, Planning Commission, Hospital Authority and Chamber of Commerce.

Joint Ventures

The City of Colquitt, in conjunction with cities and counties in the fourteen (14) county Southwest Georgia area are members of the Southwest Georgia Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RC's. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The RC Board membership includes the Chief elected official of each county and the chief elected official of each municipality. The County Board members and municipal Board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RCs as "public agencies and instrumentalities of their members." Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources. (O.C.G.A. 50-8-39.1)

Separate Financial Statements may be obtained from:

Southwest Georgia Regional Commission
P. O. Box 346, 30 West Broad Street
Camilla, Georgia 31730-0346

The City of Colquitt and Miller County participate in two joint-venture arrangements. These are the Colquitt-Miller County Volunteer Fire Department and the Colquitt-Miller County Recreation Board. The City and County share equally in providing funds to supplement the cost of operations of the volunteer fire department and the recreation board. All expenditures paid by the City have been recognized in the general fund and the City's share of general capital assets has been recorded on

the Statement of Net Assets. Separately issued financial statements are not prepared and issued by the joint ventures.

Undivided Interest

On December 9, 1997, the City of Colquitt, Georgia adopted a resolution to acquire and finance land for an industrial park together with Miller County, Georgia and the Miller County Development Authority. On December 30, 1997, the land was acquired for $303,339.40. The City of Colquitt, Miller County, and the Miller County Development Authority each own an undivided one third (1/3) interest in the land. The City of Colquitt, Miller County, and the Miller County Development

Authority each financed the purchase with a multi-year loan from Peoples South Bank (with Peoples South Bank participating equally in the loan with Security Bank and Trust Company and First State Bank of Colquitt). The City's one third (1/3) share of the loan was $101,113.13. The note is due on December 31 of each year for which the term is renewed. The note renews automatically from year to year. The note is a multi-year installment contract pursuant to O.C.G.A. 36-60-13. The City has a right to terminate the contract at the close of each calendar year, whereas, the entire balance of the note then owing shall become immediately due and payable.

This note was paid in full as of fiscal year ended June 30, 2007.

The City's one third (1/3) interest in the land ($101,113) has been accounted for in the Statement of Net Assets. As lots have been sold, the basis in this property has been removed from capital assets.

Inter-Local Cooperation Agreement for Joint Operation and Maintenance of the Jointly Owned Golf Course

The County and City have entered into an agreement to purchase the Crooked Oak Golf Course jointly in exchange for assuming the long term debt owed to various lenders. A joint recreation board for operating the Crooked Oak Golf Course was formed consisting of two County Commissioners, two City Council members, and two non-voting members consisting of the City Manager and Golf Course Supervisor. The board will meet a minimum of once per quarter with its meetings to be held in compliance with the Open Records Meeting Law. The board shall have the authority to establish the rules, regulations, and policies for the operation and maintenance of the Golf Course. The board shall not have the authority to incur indebtedness other than normal operating expenses, without the approval of the governing authorities for the County and City.

The County and City agree that the golf course will be operated as a department of the City and governed by the joint recreation board. The department supervisor and all employees of the Golf Course will be City employees with the same rights and benefits as other City employees, and will be governed by the personnel policies of the City as to its employees and department supervisor.

The City will maintain separate accounting and financial records for the Golf Course which will be available for County inspection during normal business hours. The Golf Course Supervisor is required to make monthly reports to both the governing authorities.

In addition, the City and County have entered into a joint agreement with the Ruth T. Jinks Foundation, Incorporated for charitable contributions to be made by the Foundation to the City to pay the indebtedness on the Golf Course, and pay the monthly operating deficiency, if any.

Both governing authorities agree to contribute $17,000 per year to the Golf Course beginning March 1, 2008.

One half of the capital assets and long-term debt of the Golf Course are reported on the City's and County's statements each as an undivided interest.

B. Basis of Presentation

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations have not been made in the funds. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

The City reports the following major governmental funds:

General Fund – This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Pataula Drug Task Force Grant Funds Fund – This fund accounts for the receipt of federal grant money for the Drug Task Force and is used for their expenditures.

CDBG Capital Projects Fund 09 – This fund accounts for the receipt and disbursements of the Community Development Block Grant that the City was awarded in 2009.

The City reports the following major enterprise funds:

Water and Sewer Fund – This fund accounts for the operation and maintenance of the City's Water and Sewer Facilities.

Gas Fund – This fund accounts for the operation and maintenance of the City's Gas Facilities.

Environmental Services Fund – This fund accounts for the operation and maintenance of the City's Environmental Facilities.

Golf Course Fund – This fund accounts for the operation and maintenance of the City/County Golf Course.

Additionally, the City reports the following fund types:

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). The only agency fund the City has is the municipal court fund.

C. Measurement Focus, Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

All business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

D. Capital Asset

Capital assets, which include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond one year are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Buildings, except those that are an ancillary part of a network of infrastructure assets, will not be considered infrastructure assets. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The standard capitalization thresholds for capitalizing assets for each major class of assets established by the Colquitt City Council are detailed below:

Class of Asset	Capitalization Threshold	Control Threshold
Land/Land Improvements	Capitalize All	All
Building/Building Improvements	$ 5,000	$ 500
Facilities and Other Improvements	5,000	500
Infrastructure	100,000	100,000
Equipment	5,000	500
Furniture	5,000	500
Vehicles, Boats, and Aircraft	5,000	500
Software (developed or purchased)	5,000	500
Library Books/Materials (collections)	Capitalize All	All
Works of Art/Historical Treasures	Capitalize All	All
Leasehold Improvements	5,000	500

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, net of related interest earned, is included as part of the capitalized value of the assets constructed. There were not any constructed projects with capitalized interest in the business-type activities for the year ended June 30, 2011.

Capital assets are depreciated over their estimated useful lives unless they are inexhaustible. Inexhaustible assets such as land improvements are not depreciated.

Depreciation is reported in the government-wide statement of activities and in the proprietary fund statement of revenues, expenses, and changes in fund net assets.
Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Asset Class	Estimated Useful Lives
Buildings/Building Improvements	20-50 years
Facilities and Other Improvements	10-60 years
Infrastructure	20 years
Equipment	3-20 years
Furniture & Fixtures	7 years
Vehicles	6-12 years

E. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At least three months prior to year-end, the City Clerk and department heads begin work on the proposed operating budget for the forthcoming fiscal year.

2. Thirty days prior to year-end, the City Clerk submits to the City Council a proposed operating budget for the forthcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.

3. Public hearings are conducted to obtain taxpayer comments.

4. As close to year-end as possible, the budget is legally adopted by the City Council and made a part of the City's minutes.

5. Any changes to the City's budget must be approved by the City Council. The City Council approves all expenditures over $1,500. The City Manager approves all expenditures under $1,500.

6. For budgetary purposes, the City adopts a budget for the general, special revenue, and debt service funds. The budgets are adopted on the budgetary (modified cash) basis which is not consistent with generally accepted accounting principles. Differences between the basis of

accounting (basis differences) used for budgeting and financial reporting in accordance with generally accepted accounting principles are reconciled in the budget comparative statements. Fixed budgets are prepared for the enterprise funds for administrative purposes. Project budgets are used for Capital Projects Funds.

7. Budgeted amounts are as originally adopted plus amendments. The City Council adopted the budget on July 28, 2010 and it was amended on May 10, 2011 and June 14, 2011. All appropriations lapse at year-end.

8. The legal level of budgetary control is at the department level.

F. Encumbrances

There were no material purchase orders, contracts or other commitments at year-end which should have been encumbered. The City does not use encumbrance accounting.

G. Investments

Investments are stated at cost. The City's policy is to invest only in the type of investments which are legally authorized by state statutes. The City's main investments consist of certificates of deposits and money market accounts that are classified as cash.

The City also participates in the State of Georgia Local Government Investment pool - "Georgia Fund 1". The Georgia Fund 1 state investment pool is not registered with the Securities and Exchange Commission (SEC), but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the City's investments in the Georgia Fund 1 have been determined based on the pool's share price.

"Georgia Fund 1", created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share.

Investments (Pooled Cash) are recorded at cost plus accrued interest, which approximates market value.

The City had no investments in the State of Georgia Local Government Investment Pool (Georgia Fund 1) as of June 30, 2011, Georgia Fund 1 is managed under the policies included in Georgia Law (O.C.G.A. 36-83-4).

The entire portfolio, including the City's pro-rata portion, consists of collateralized certificates of deposit and government or governmental agency securities owned outright and under agreement to resell. The title to all investments, including collateral pledged to secure certificates of deposit, is held

in the custody of the Director, Fiscal Division, Office of Treasury and Fiscal Services, State of Georgia in accordance with Georgia law. Since these investments are not evidenced by securities that exist in physical or book entry form; they are not classified by category or credit risk. Additionally, no indication of the level of risk has been provided because these investments are in pools managed by other governments or by other agents.

H. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of governmental fund-type inventories are recorded as expenditures when purchased (the purchase method) at the individual fund level. Inventories are recorded using the consumption method for proprietary fund-type inventories at the fund level. For governmental and business-type activities in the government-wide financial statements, inventories are reported using the consumption method.

Certain payments to vendors reflect cost applicable to future accounting periods and are reported as prepaid items for proprietary-type funds and in the government-wide financial statements and business-type activities.

I. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible.

J. Compensated Absence

Vacation - Employees with 0-5 years of service can earn up to 18 days of vacation leave per year and accrue up to a maximum of 45 days.

Employees with 6-10 years of service can earn up to 21 days of vacation leave per year and accrue up to a maximum of 45 days.

Employees with 11-15 years of service can earn up to 24 days of vacation leave per year and accrue up to a maximum of 45 days.

Employees with 16-20 years of service can earn up to 27 days of vacation leave per year and accrue up to a maximum of 45 days.

Employees with more than 20 years of service can earn up to 30 days of vacation leave per year and accrue up to a maximum of 45 days.

Comp Time - All employees except salary and police department can accrue hours worked over forty hours as time and a-half. These hours can accrue as earned until used.

Accumulated sick pay benefits have not been recorded as a liability because these benefits are paid only upon the illness of an employee and the amount of such payments cannot be reasonably estimated.

The General Fund has been used to liquidate compensated absences, unless associated with a specific proprietary fund, in prior years.

K. Restricted Assets

Restricted assets consist of customer deposits for utility services and funds required to be placed in a separate account to be used to retire GEFA debt as it matures.

L. Cash

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, money market accounts, and certificate of deposits, which are available on demand or have a maturity of three months or less. In addition, because the Georgia Fund 1 pooled cash is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent. All of these accounts are considered cash equivalents for the purpose of the Combined Statement of Cash Flows - All Proprietary Fund Types.

M. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based on primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- *Nonspendable* – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- *Restricted* – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- *Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.

- *Assigned* – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's finance committee or the City's finance director to assign fund balances.

- *Unassigned* – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balance may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Assets – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted as described in the fund balance section above. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense in incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2 – PROPERTY TAX CALENDAR

For 2011 taxes, the following property tax calendar applies:

Assessment date:	December 23, 2010
Collection dates:	December 23, 2010 to February 23, 2011
Lien date:	May 24, 2011

The City bills and collects its own property taxes. City property tax revenues are recognized when levied to the extent that they result in current receivables, i.e. available.

Property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. Such time thereafter does not exceed 60 days.

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NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 74,240	$ 190,805	$ (10,707)	$ 254,338
Land under roads	164,839	-	-	164,839
Construction in progress	31,432	219,714	-	251,146
Total capital assets not being depreciated	270,511	410,519	(10,707)	670,323
Capital assets being depreciated:				
Automobiles	1,092,913	-	-	1,092,913
Buildings	612,167	-	-	612,167
Infrastructure	779,549	38,448	-	817,997
Computer systems	50,288	-	-	50,288
Machinery & equipment	846,744	22,493	-	869,237
Total capital assets being depreciated	3,381,661	60,941	-	3,442,602
Less accumulated depreciation for:				
Automobiles	(689,081)	(73,519)	-	(762,600)
Buildings	(190,223)	(16,423)	-	(206,646)
Infrastructure	(116,048)	(39,070)	-	(155,118)
Computer systems	(50,288)	-	-	(50,288)
Machinery & equipment	(413,116)	(63,090)	-	(476,206)
Total Accumulated Depreciation	(1,458,756)	(192,102)	-	(1,650,858)
Capital assets being depreciated, net	1,922,905	(131,161)	-	1,791,744
Capital Assets, net	$ 2,193,416	$ 279,358	$ (10,707)	$ 2,462,067

Depreciation expense was changed to the governmental functions as follows:

General Government	$ 25,844
Public Safety	97,992
Public Works	67,799
Recreation	467
Total governmental depreciation expense:	$ 192,102

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 218,925	$ -	$ -	$ 218,925
Construction in Progress	1,139,818	1,167,523	-	2,307,341
Total capital assets not being depreciated	1,358,743	1,167,523	-	2,526,266
Capital Assets being depreciated:				
Buildings	375,927	-	-	375,927
Structures & Improvements	10,214,938	-	-	10,214,938
Machinery & Equipment	605,371	28,600	-	633,971
Automobile Equipment	158,641	-	-	158,641
Computer Systems	636	-	-	636
Total capital assets being depreciated:	11,355,513	28,600	-	11,384,113
Less accumulated depreciation for:				
Buildings	(90,209)	(11,270)	-	(101,479)
Structures & Improvements	(2,455,893)	(171,180)	-	(2,627,073)
Machinery & Equipment	(207,333)	(58,994)	-	(266,327)
Automobile Equipment	(70,918)	(13,576)	-	(84,494)
Computer systems	(637)	-	-	(637)
Total accumulated depreciation	(2,824,990)	(255,020)	-	(3,080,010)
Capital Assets being depreciated, net	8,530,523	(226,420)	-	8,304,103
Capital Assets, net	$ 9,889,266	$ 941,103	$ -	$ 10,830,369

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NOTE 4 – LONG-TERM OBLIGATIONS

On February 24, 2006 the City became indebted to Ameris Bank in the amount of $100,039 for the purchase of a fire truck. The City is obligated, beginning March 25, 2006, to make 84 monthly payments of $1,407. The interest rate on this note is 4.79%. The balance due on this note at June 30, 2011 was $26,840.

On April 30, 2007, the City entered into a capital lease agreement with the Georgia Municipal Association (later assigned to Branch Bank and Trust) in the amount of $117,538 for the purchase of a Cat 430 E0 Backhoe ($44,700), Dump Truck ($20,000) and a JD 6603 Tractor with Mower ($52,838). The City is obligated, beginning July 15, 2007, to make 59 monthly payments of $2,237. The interest rate on this capital lease is 4.52%. The balance due on this capital lease at June 30, 2011 was $24,062.

In the process of purchasing the Crooked Oak Golf Course in April 2007, the City became obligated to repay a note to Three Notch EMC in the amount of $59,167. The City is to make annual payments of $9,250 in March of each year until this debt is retired. The interest rate on this note is 0.00%. The balance due on this note at June 30, 2011 was $12,917.

On June 13, 2008, the City became indebted to Ameris Bank in the amount of $21,448 for the purchase of a Dodge Charger. The City is obligated, beginning July 15, 2008, to make 60 monthly payments of $395. The interest rate on this note is 3.9%. The balance due on this note at June 30, 2011 was $9,089.

On May 21, 2010, the City entered into a capital lease agreement with BB&T Government Finance in the amount of $283,927 for the purchase of a Garbage Truck, Containers and Carts. The City is obligated, beginning June 1, 2010, to make 60 monthly payments of $5,396. The interest rate on this note is 3.1%. The balance on this capital lease at June 30, 2011 was $238,532.

On September 1, 2010, the City entered into a capital lease agreement with BB&T Government Finance in the amount of $24,015 for the purchase of 16 Sanitation Dumpsters. The City is obligated, beginning October 1, 2010, to make 60 monthly payments of $438. The interest rate on this capital lease is 3.58%. The balance on this capital lease at June 30, 2011 was $20,681.

On November 8, 2010, the City became indebted to Peoples Bank in the amount of $7,020 for the purchase of a Mower. The City is obligated, beginning June 15, 2011, to make 2 annual payments of $3,657. The interest rate on this note is 3.75%. The balance on this note at June 30, 2011 was $3,528.

GEFA Notes Payable

On April 29, 1993, the City of Colquitt received notification that its request for a loan from the Georgia Environmental Facilities Authority (GEFA) in the amount of $377,110 had been approved. The purpose of the loan was for the City to make water supply and wastewater system improvements. The note was executed on October 14, 1993. These funds are being repaid with 65 quarterly payments of $9,025 at an interest rate of 4.8%. This project was completed during the year ended

June 30, 1999 and the capital improvements were transferred from construction in progress to water facility improvements and depreciated.

Repayment terms on this note were changed to 137 monthly payments of $2,999 followed by one final payment of $2,948 effective December 1, 2004. No other changes were made to this note agreement. Refinanced with below October 13, 2006 agreement.

On September 10, 1998, the City of Colquitt entered into a loan agreement with the Georgia Environmental Facility Authority (GEFA) in the amount of $675,500. On September 17, 1999, the loan agreement was amended up to $735,500. The purpose of this loan is to extend the water facilities service to include the golf course. These funds started being repaid on April 1, 2001 with 80 quarterly payments of $13,085 at an interest rate of 4.11%. This project was completed during the year ended June 30, 2000 and the capital improvements were transferred from construction in progress to water facility improvements and depreciated.

Repayment terms on this note were changed to 180 monthly payments of $4,351 followed by one final payment of $4,262 effective February 1, 2005. No other changes were made to this note agreement. Refinanced with below October 13, 2006 agreement.

On October 13, 2006, the City entered into an agreement with the Georgia Environmental Facility Authority (GEFA) to refinance the above 93 and 98 notes payable at 3% interest rate. Monthly payments of $6,170 are due for 150 months beginning in August 2007 to be fully paid on January 1, 2020. The balance unpaid on this note (2006L04A) at fiscal year-end is $555,990.

On October 13, 2006, the City entered into an agreement with the Georgia Environmental Facility Authority (GEFA) for an amount not to exceed $2,970,800. The City made draws totaling $3,090,839 as of fiscal year-end. The interest rate on this note is 3%. The draws on this note (2006LO4B) were put into repayment in May 2010. Monthly payments of $17,141 are due for 240 months beginning May 2010. The balance on this note at June 30, 2011 was $2,956,871.

On January 25, 2010, the City entered into an agreement with the Georgia Environmental Facility Authority (GEFA) for an amount not to exceed $1,400,000. Of the $1,400,000, 70% will be considered subsidy funds and will not require repayment. Administrate fees of $28,000 have been charged against this note and are being paid in monthly installments of $2,333. The administrative fees were paid out during the current year. This note has not been placed into repayment as of June 30, 2011.

On February 2, 2006, the City of Colquitt entered into a loan agreement with the Drinking Water Revolving Loan Fund administered by the Georgia Environmental Facility Authority (GEFA) in the amount of $650,000. The purpose of this loan is to finance the cost of acquiring, constructing and installing a new environmental facility. The unpaid principal on this note shall bear interest at a rate per annum equal to 3% until the amortization commencement. Principal and interest on this note shall be payable in 240 consecutive monthly installments of $5,652. This note was placed into repayment in November 2009 and as of fiscal year-end the balance was $1,061,111.

On July 31, 2008, the City amended the February 2, 2006 loan agreement to include a subsidy in the amount of $452,500 that will not require repayment.

On October 23, 2009, the City of Colquitt entered into a loan agreement with the Drinking Water Revolving Loan Fund administered by the Georgia Environmental Facility Authority (GEFA) in the amount of $641,068. This agreement includes $150,000 of subsidy funds that would not require repayment. The purpose of this loan is to finance the cost of the construction of a 750 GPM well and the installation of approximately 14,500 linear feet of water lines and related appurtenances. A 2% closing fee of $12,821 has been charged on this note and was paid off during the current year. This note has not been placed into repayment as of June 30, 2011.

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Long-term Obligation Activity

Changes in long-term obligations for the year ended June 30, 2011 are as follows:

	July 1, 2010	Increases	Decreases	June 30, 2011	Due within One Year
Governmental activities:					
Capital Leases	$ 49,200	$ -	$ (25,138)	$ 24,062	$ 24,062
Notes Payable	55,379	7,000	(22,923)	39,456	23,925
Compensated absences payable	32,938	43,710	(38,121)	38,527	-
Sub-total-Governmental activities	137,517	50,710	(86,182)	102,045	47,987
Business-type activities:					
Water and Sewer Fund					
GEFA Notes Payable In Repayment	4,818,149	-	(244,177)	4,573,972	226,211
GEFA Notes Payable Not In Repayment	500,351	466,295	-	966,646	-
Compensated absences payable	12,932	24,400	(14,014)	23,318	-
Sub-totals-Water & Sewer Fund	5,331,432	490,695	(258,191)	5,563,936	226,211
Gas Revenue Fund					
Compensated absences payable	7,950	5,578	(7,471)	6,057	-
Sub-total-Gas Revenue Fund	7,950	5,578	(7,471)	6,057	-
Environmental Services Fund					
Capital Leases	$ 283,927	$ 24,015	$ (48,729)	259,213	$ 62,767
Compensated absences payable	4,075	6,313	(5,979)	4,409	-
Sub-total-Environmental Services Fund	288,002	30,328	(54,708)	263,622	62,767
Golf Course Fund					
Notes Payable	22,167	-	(9,250)	12,917	9,250
Compensated absences payable	8,251	8,435	(5,533)	11,153	-
Sub-total-Golf Course Fund	30,418	8,435	(14,783)	24,070	9,250
Sub-total-Business-type activities	5,657,802	535,036	(335,153)	5,857,685	298,228
Total all long-term debt	$ 5,795,319	$ 585,746	$ (421,335)	$ 5,959,730	$ 346,215

Debt service requirements on long-term debt at June 30, 2011 are as follows:

Governmental Activities
Notes Payable

Year Ending June 30	Principal	Interest	Totals
2012	$ 23,925	$ 1,226	$ 25,151
2013	15,531	463	15,994
Totals	$ 39,456	$ 1,689	$ 41,145

Business-type Activities
Notes Payable

Year Ending June 30	Principal	Interest	Totals
2012	$ 235,461	$ 121,351	$ 356,812
2013	236,137	115,092	351,229
2014	238,912	108,650	347,562
2015	245,533	102,029	347,562
2016	252,343	95,219	347,562
2017	259,351	88,210	347,561
2018	266,561	81,001	347,562
2019	273,977	73,585	347,562
2020	245,782	66,166	311,948
2021	213,300	60,221	273,521
2022-2026	1,156,201	211,401	1,367,602
2027-2031	963,331	51,256	1,014,587
Totals	$ 4,586,889	$ 1,174,181	$ 5,761,070

Governmental-type Activities
Capital Leases

Year Ending June 30	Principal	Interest	Totals
2012	$ 24,062	$ 547	$ 24,609
Totals	$ 24,062	$ 547	$ 24,609

	Business-type Activities Capital Leases		
Year Ending June 30	Principal	Interest	Totals
2012	$ 62,767	$ 7,238	$ 70,005
2013	64,764	5,242	70,006
2014	66,824	3,182	70,006
2015	63,553	1,056	64,609
2016	1,305	8	1,313
Totals	$ 259,213	$ 16,726	$ 275,939

NOTE 5 – SHORT-TERM BORROWING

On December 31, 2009, the City entered into a refinancing agreement with First State Bank to borrow $140,000 on a line of credit to pay general operating expenses. The interest rate on this note is 4%, which is to be repaid principal and interest by December 31, 2010. The City made principal payments totaling $20,000 and refinanced the $120,000 on December 31, 2010. This debt was secured by the assignment of a certificate of deposit.

On December 31, 2010, the City entered into a refinancing agreement with First State Bank to borrow $120,000 on a line of credit to pay general operating expenses. The interest rate on this note is 3.5%, which is to be repaid principal and interest by December 31, 2011. The City made no principal payments during the fiscal year. The balance on this note at June 30, 2011 was $120,000. This debt is secured by the assignment of a certificate of deposit.

On August 25, 2010 the City entered into a refinancing agreement with Ameris Bank to borrow $63,599 to pay general operating expenses. The interest rate on this note is 3.75%, which is to be repaid principal and interest by August 25, 2011. No principal payments were made during the fiscal year. The balance on this note at June 30, 2011 was $63,599. This note is due upon demand.

The City entered into a short-term agreement with Ameris Bank on June 18, 2010 refinance the purchase of Water and Sewer system equipment. The interest rate on this debt was 3.95%. This note was paid off at fiscal year end.

The City entered into a short-term debt agreement on August 25, 2010 with Ameris Bank to fund the payoff and refinance the payoff of old revenue bonds. This note paid off each year and renewed at an interest rate of 3.95%.

On December 31, 2009 the City and County entered into a short-term financing agreement with First State Bank to refinance golf course debt. The total initial amount of this debt was $585,150 with the City's obligation being $292,575. The City and County have entered into an intergovernmental agreement where upon repayment of the indebtedness each year, the City and County will refinance all but the interest and one-tenth (1/10) of the principal. This note was scheduled for refinance on December 31, 2010, however was not refinanced until March 4, 2011 at an interest rate of 4%. The City made principal payments totaling $50,000 in prior fiscal years and $17,575 in the current fiscal year. The City's balance on this agreement at June 30, 2011 was $225,125 which is due by December 31, 2011.

On December 31, 2009, the City entered into a short-term financing agreement with First State Bank to refinance Georgia State Patrol Building debt. The total initial amount of this debt is $1,500,000. The debt is secured and to be paid by the Ruth T. Jinks Foundation, Inc. This note was scheduled for refinance on December 31, 2010, however was not refinanced until March 4, 2011 at an interest rate of 4%. Principal payments were made totaling $100,000 in prior fiscal years and $100,250 in the current fiscal year. The balance on this agreement at June 30, 2011 was $1,300,250 which is due by December 31, 2011.

On August 15, 2009, the City entered into a short-term refinancing agreement with Peoples Bank to borrow $78,015 to purchase a Limb & Leaf Truck. The interest rate on this note is 3.5%, which is to be paid back principal and interest by August 15, 2010. The balance of $78,015 was refinanced on September 16, 2011.

On September 16, 2011, the City entered into a short-term refinancing agreement with Peoples Bank to borrow $78,015 to purchase a Limb & Leaf Truck. The interest rate on this note is 3.75%, which is to be paid back principal and interest by September 16, 2011. The City made principal payments in the amount of $20,000 during the fiscal year. The balance on this note at June 30, 2011 was $58,015.

On December 31, 2009, the City entered into a short-term debt agreement with First State Bank to borrow $364,000 to pay general operating expenses. The interest rate on this note is 4%, which is to be paid back principal and interest by December 31, 2010. The City made no principal payments during the fiscal year and refinanced the $364,000 on December 31, 2010.

On December 31, 2010, the City entered into a short-term refinancing agreement with First State Bank to borrow $364,000 to pay general operating expenses. The interest on this note is 3.5%, which is to be paid back principal and interest by December 31, 2011. The City made principal payments in the amount of $6,775 during the fiscal year. The balance on this note at June 30, 2011 was $357,225. This debt is secured by the assignment of a certificate of deposit.

On June 16, 2010, the City entered into a short-term debt agreement with Peoples South Bank to borrow $150,000 to pay general operating expenses. The interest on this note is 3.75%, which is to be paid back principal and interest by December 31, 2010. The City made principal payments in the amount of $150,000 during the fiscal year. The balance on this note at June 30, 2011 was $0.

On September 17, 2010, the City entered into a short-term debt agreement with Peoples South Bank to borrow $150,000 to pay general operating expenses. The interest on this note is 3.75%, which is to be paid back principal and interest by December 31, 2010. The City made principal payments in the amount of $150,000 during the fiscal year. The balance on this note at June 30, 2011 was $0.

On February 2, 2011, the City entered into a short-term debt agreement with Peoples South Bank to borrow $240,000 to pay general operating expenses. The interest on this note is 3.75%, which is to be paid back principal and interest by December 31, 2011. The City made principal payments in the amount of $124,115 during the fiscal year. The balance of this note at June 30, 2011 was $115,885.

On August 17, 2010, the City entered into a short-term debt agreement with First State Bank to borrow $25,000 to pay general operating expenses for the recreation fund. The interest on this note is 3.9%, which is to be paid back principal and interest by December 31, 2010. The City made principal payments in the amount of $5,000 during the fiscal year and refinanced the $20,000 on December 31, 2010.

On December 31, 2011, the City entered into a refinancing agreement with First State Bank to borrow $20,000 to pay general operating expenses for the recreation fund. The interest rate on this note is 4%, which is to be paid back principal and interest by December 31, 2011. The city made principal payments in the amount of $20,000 during the fiscal year. The balance on this note at June 30, 2011 was $0.

Short-term Obligation Activity

Changes in short-term obligations for the year ended June 30, 2011 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Lines of Credit	$ 290,000	$ 555,000	$ (609,115)	$ 235,885
Georgia State Patrol	1,400,250	1,300,250	(1,400,250)	1,300,250
Sub-total-Governmental activities	1,690,250	1,855,250	(2,009,365)	1,536,135
Business-type activities:				
Water and Sewer Fund				
W&S Fund Equipment	11,565	-	(11,565)	-
Refinancing of Bonds	63,399	200	-	63,599
Notes Payable	364,000	364,000	(370,775)	357,225
Sub-totals-Water & Sewer Fund	438,964	364,200	(382,340)	420,824
Environmental Services Fund				
Notes Payable	78,015	58,015	(78,015)	58,015
Sub-total-Environmental Services Fund	78,015	58,015	(78,015)	58,015
Golf Course Fund				
Golf Course Debt	242,575	225,125	(242,575)	225,125
Sub-total-Golf Course Fund	242,575	225,125	(242,575)	225,125
Sub-total-Business-type activities	759,554	647,340	(702,930)	703,964
Total all short-term debt	$ 2,449,804	$ 2,502,590	$ (2,712,295)	$ 2,240,099

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NOTE 6 – RESTRICTED NET ASSETS

Net assets restricted for capital projects and special revenue funds are as follows:

	Major Funds	Non-major Funds	Total
SPLOST Police Ref. 3	$ -	$ 22,612	$ 22,612
SPLOST Fire Ref. 3	-	40,347	40,347
SPLOST Public Works Ref. 3	-	23,576	23,576
CDBG CPF 09	4,072	-	4,072
Confiscated Assets SRF	-	785	785
Pataula Drug Task Force - Grant Funds SRF	600	-	600
Recreation Department SRF	-	6,063	6,063
Municipal Technology SRF	-	1,008	1,008
Municipal Jail SRF	-	250	250
	$ 4,672	$ 94,641	$ 99,313

NOTE 7 – SPECIAL ITEM – SALE OF CAPITAL ASSETS

During the fiscal year ended June 30, 2011, the City sold certain capital assets, which were transactions the City considers infrequent in occurrence. The City has reported these transactions as special items in the government-wide financial statements as required by GASB 34, paragraph 56.

The transactions consisted of the disposition of two lots at the Industrial Park which the City had 1/3 interest in.

NOTE 8 – RETIREMENT COMMITMENTS

Plan Description. The City contributes to the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple employer public retirement system that acts as a common investment and administrative agent for cities, counties, authorities and agencies in the State of Georgia. The plan is also a defined benefit plan.

Also, the pension plan provides for death benefits and disability benefits. These benefit provisions and all other requirements are established by state statute and City ordinance obligations to contribute are established by Council resolutions; amendments to the plan must also be authorized by resolution of the Council. Employees are not required to contribute to the plan. The Georgia Municipal Benefits System issues a publicly available financial report, which may be obtained by contacting Towers Perrin in Atlanta, Georgia.

The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of Statement No. 27. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization

periods, if applicable, are closed for this plan year. The current rate of contribution for the City is 11.30% of annual covered payroll.

Annual Pension Cost and Net Pension Obligation. The City has paid all required contributions, and therefore, has no net pension obligation. The City pays the recommended pension contribution of $83,450 representing the annual pension cost on a monthly basis.

Fiscal Period Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
5/1/2002	$ 3,910	100%	$ -
5/1/2003	$ 6,277	100%	$ -
5/1/2004	$ 21,417	100%	$ -
5/1/2005	$ 26,235	100%	$ -
5/1/2006	$ 35,210	100%	$ -
5/1/2007	$ 35,651	100%	$ -
5/1/2008	$ 45,582	100%	$ -
5/1/2009	$ 65,562	100%	$ -
1/1/2010	$ 69,016	100%	$ -
1/1/2011	$ 83,450	0%	$ -

Significant Actuarial Assumptions: The significant actuarial assumptions used to compute the actuarial liability and the annual recommended or required minimum contribution of the plan meet the Actuarial Standard of Practice No. 4, Measuring Pension Obligations, establishing generally accepted actuarial principles and practices.

The significant actuarial assumptions used in the current valuation as of January 1, 2011 are:

Rate of return on investment	7.75% per year
Projected salary increases for	
Inflation	3.00% per year
Merit or seniority	.50% per year
Post-retirement benefit increases	N/A

The sum of the actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of the year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (UAAL) (1-2)	Funded Ratio (1/2)	Covered Payroll (3)	UAAL as a Percentage of Covered Payroll [(2-1)/3]
5/1/2006	$ 568,104	$ 577,600	$ (9,496)	98.36%	$ 581,996	1.63%
5/1/2007	$ 593,165	$ 659,503	$ (66,338)	89.94%	$ 591,900	11.21%
5/1/2008	$ 608,777	$ 707,898	$ (99,121)	86.00%	$ 675,000	14.68%
5/1/2009	$ 401,988	$ 778,430	$ (376,442)	51.64%	$ 871,750	43.18%
1/1/2010	$ 511,411	$ 829,277	$ (317,866)	61.67%	$ 824,850	38.54%
1/1/2011	$ 561,210	$ 919,652	$ (358,442)	61.02%	$ 917,500	39.07%

NOTE 9 – LITIGATION AND UNASSERTED CLAIMS

There are no pending or threatened litigations against the City and additionally, there are no unasserted claims or assessments.

NOTE 10 – DEPOSITS (INCLUDING CERTIFICATES OF DEPOSITS CLASSIFIED AS CASH)

The City's deposits at year-end were entirely covered by federal depository insurance or collateral held by the City's custodial bank in the City's name or held by a third party bank in the City's name. Statutes authorize the City to invest in obligations of this state or other states, obligations issued by the U.S. government, obligations fully insured or guaranteed by the U.S. government or by a government agency of the U.S., obligations of any corporation of the U.S. government, prime bankers acceptances, the Local Government Investment Pool established by state law, repurchase agreements and obligations of other political subdivisions of the State of Georgia. See note one for more details of the City's investments.

Custodial Credit Risk – Deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. All of the City's deposits are covered by a combination of federal depository insurance and securities pledged by financial institutions as collateral to protect the deposits of the City as required under state law. Therefore, the City has no custodial credit risk for its deposits.

NOTE 11 – CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE 12 – INTERFUND BALANCES AND ACTIVITIES

Transfers to/from Other Funds

Transfers to/from funds at June 30, 2011 consisted of the following:

	Transfer In			
Transfer Out	**General Fund**	**Non-major Governmental- SPLOST DSF**	**Golf Course**	**Total**
General Fund	$ -	$ -	$ 40,000	$ 40,000
Water & Sewer	1,608	-		1,608
Gas Revenue	254	-	-	254
Golf Course	1,523	-	-	1,523
Ref. 3 SPLOST CPF Police	-	4,736	-	4,736
Ref. 3 SPLOST CPF Fire	-	16,887	-	16,887
Ref. 3 SPLOST CPF Public Works	-	26,846	-	26,846
Totals	$ 3,385	$ 48,469	$ 40,000	$ 91,854

Transfers from the SPLOST Capital Projects Funds to the SPLOST Debt Service Fund in the amount of $48,469 represent funds used to service principal and interest on long-term debt.

Transfers from Water & Sewer, Gas Revenue and Golf Course Funds in the amount of $3,385 represent an allocation of a refund of workers compensation.

All other transfers were for normal general operating purposes.

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, for which the City carries commercial insurance. The basis for estimating the liabilities for unpaid claims is “IBNR” established by an actuary.

The City has not compiled a record of the claims paid up to the applicable deductible for the prior or current fiscal year. The City is not aware of any claims, which the City is liable for (up to the applicable deductible), which were outstanding and unpaid at June 30, 2011. No provisions have been made in the financial statements for the year ended June 30, 2011 for any estimate of potential unpaid claims.

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NOTE 14 – HOTEL / MOTEL LODGING TAX

The City of Colquitt has levied a 5% lodging tax. A summary of the transactions for the year ending June 30, 2011 follows:

Lodging tax receipts	$	7,847
Disbursements to Colquitt - Miller County Chamber of Commerce for promotion of tourism		(7,847)
Balance of lodging tax funds on hand at end of the year	$	-

The City of Colquitt, Georgia has received a copy of Form 990, filed with the Internal Revenue Service, from the Colquitt - Miller County Chamber of Commerce covering the lodging tax monies. The subcontractor's expenditures were for promotion of tourism as required by O.C.G.A. 48-13-51.

NOTE 15 – FUND EQUITY

Fund Balances:

- ***Nonspendable*** – The following fund balances are nonspendable because they are allocated to:

General Fund:		
Inventories	$	2,500
Total	$	2,500

- ***Restricted*** – The following fund balances are restricted for:

Police Department - Used to account for equipment and vehicles financed with SPLOST Ref #3.	$	22,614
Total	$	22,614
Volunteer Fire Department - Used to account for equipment and vehicles financed with SPLOST Ref #3.	$	40,347
Total	$	40,347
Public Works - Used to account for capital projects in the Public Works Department financed with SPLOST Ref #3.	$	23,574
Total	$	23,574
CDBG Capital Projects Fund 09 - Used to account for all CDBG Grant revenues and expensitures.	$	4,072
Total	$	4,072
Special Revenue Funds		
Confiscated Assets Fund - Used to account for drug related expenditures.	$	4,757
Total	$	4,757

- ***Unassigned*** – The following fund balances are unassigned:

General Fund	
Fund Balance (Deficit)	$ (308,334)
Total	$ (308,334)

NOTE 16 – SPECIAL PURPOSE LOCAL OPTION SALES TAX

Referendum # 3

A one percent (1%) Special Purpose Local Option Sales Tax was approved by a Miller County referendum on September 19, 2006, for capital expenditures/outlay. The revenue to be raised from the SPLOST is estimated to be $3,600,000 over a six-year period beginning January 1, 2007. The proceeds of the SPLOST shall be allocated exclusively for the following expenditures:

Project	County/City	Estimated Cost	Percentage
Road, Street, and Bridge Projects	County	$ 1,512,000	42%
Emergency Medical Services	County	360,000	10%
Sheriff's Department	County	360,000	10%
County Buildings	County	108,000	3%
Public Works Department	**City**	**612,000**	**17%**
Fire Department	**City**	**351,000**	**10%**
Police Department	**City**	**297,000**	**8%**
Totals		$ 3,600,000	100%

Refer to the Schedule of Special Purpose Local Option Sales Tax for listing of activities.

NOTE 17 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit fund equity

The General Fund has a deficit balance of $299,717. The City intends to alleviate this deficit with future year surpluses.

NOTE 18 – DISCRETELY PRESENTED COMPONENT UNIT – COLQUITT DOWNTOWN DEVELOPMENT AUTHORITY

A. Reporting Entity

The City of Colquitt Downtown Development Authority is a duly organized authority existing under and by virtue of the laws of the State of Georgia. The City Council appoints all members of the Authority's board.

The Authority is presented in the City's financial statements as a discretely presented component unit. Financial statements may be obtained at the offices of the City of Colquitt, Georgia.

B. Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 299,378	$ -	$ -	$ 299,378
Construction in Progress	216,807	17,044	-	233,851
Total capital assets not being depreciated	516,185	17,044	-	533,229
Capital Assets being depreciated:				
Buildings	844,299	-	-	844,299
Machinery & Equipment	6,822	5,416	-	12,238
Total capital assets being depreciated:	851,121	5,416	-	856,537
Less accumulated depreciation for:				
Buildings	(33,990)	(28,648)	-	(62,638)
Structures & Improvements	(2,225)	(2,227)	-	(4,452)
Machinery & Equipment	(403)	(514)	-	(917)
Total accumulated depreciation	(36,618)	(31,389)	-	(68,007)
Capital assets being depreciated, net	814,503	(25,973)	-	788,530
Capital assets, net	$ 1,330,688	$ (8,929)	$ -	$ 1,321,759

Capitalization Policy:

Buildings are depreciated over 35 to 40 years.
Machinery and equipment over 5 to 15 years.

C. Short-Term Borrowing

The Authority entered into a short-term debt agreement on October 19, 2007 with Peoples South Bank to purchase a Property Located at 565 E. Main Street (Tully Property) in the amount of $327,965. This note was renewed on February 18, 2011 for $275,070 at an interest rate of 3.5% and is due in full one year from that date. In addition, this note is secured by real property at 565 E. Main Street and guaranteed by the Jinks Foundation. Although not required, the Jinks Foundation has been providing the financial resources to pay the accrued interest and 5% principal annually.

Short-term Obligation Activity

Changes in short-term obligations for the year ended June 30, 2011 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Short-term Debt Note 2 - Tully Property	$ 292,590	$ -	$ (292,590)	$ -
Short-term Debt Note 3 - Tully Property	-	275,070	-	275,070
Total DDA Debt	$ 292,590	$ 275,070	$ (292,590)	$ 275,070

NOTE 19 - DISCRETELY PRESENTED COMPONENT UNIT – PATAULA JUDICIAL CIRCUIT REGIONAL DRUG TASK FORCE

Receivables

Intergovernmental revenues include support in the form of grants received from the federal government and funds received from member agencies. Intergovernmental revenues included in income and not received at year-end are as follows:

Edward Byrne Memorial Drug Control and System Improvement Grant Program	$ 59,387
Due from Member Agencies	25,030
Totals	$ 84,417

Deposits and Investments

At year-end all deposits were fully FDIC insured.

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Capital Assets

Capital asset activity for the year ended June 30, 2011 are as follows:

	Beginning of Year	Increases	Decreases	End of Year
Governmental activities:				
Capital assets being depreciated:				
Machinery and Equipment	$ 162,110	$ 6,300	$ -	$ 168,410
Total capital assets being depreciated	162,110	6,300	-	168,410
Less accumulated depreciation for:				
Machinery and Equipment	(50,529)	(16,104)	-	(66,633)
Total accumulated depreciation	(50,529)	(16,104)	-	(66,633)
Total capital assets being depreciated, net	111,581	(9,804)	-	101,777
Governmental activities capital assets, net	$ 111,581	$ (9,804)	$ -	$ 101,777

Risk Management

The Drug Task Force is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Drug Task Force is covered on the host county's insurance policy. The liability coverage for the special agents employed by the Drug Task Force is made available through the City of Colquitt as the host city of the task force.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Colquitt, Georgia
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget-Positive (Negative)
REVENUES				
Taxes	$ 1,088,071	$ 965,993	$ 1,043,402	$ 77,409
Licenses & Permits	28,175	33,266	33,266	-
Intergovernmental	152,372	198,845	198,845	-
Fines, Forfeitures & Penalties	160,000	117,913	117,913	-
Charges for Services	1,000	60,150	59,799	(351)
Investment Income	-	236	10,983	10,747
Contributions and Donations	15,000	231,937	210,897	(21,040)
Miscellaneous	5,000	163,732	81,200	(82,532)
TOTAL REVENUES	1,449,618	1,772,072	1,756,305	(15,767)
EXPENDITURES				
General Government				
Legislative Department	46,428	36,812	36,812	-
Executive Department	79,620	79,157	79,071	86
Elections Department	-	3,436	3,436	-
Financial Administration Department	287,514	969,550	905,022	64,528
Total General Government	413,562	1,088,955	1,024,341	64,614
Municipal Court				
Municipal Court	17,750	14,729	14,729	-
Total Munifipal Court	17,750	14,729	14,729	-
Public Safety				
Police Department	558,393	605,516	603,119	2,397
Probation Department	105,010	105,812	105,650	162
Fire Department	100,541	137,798	136,182	1,616
EMS Department	43,000	42,642	42,642	-
Total Public Safety	806,944	891,768	887,593	4,175
Public Works				
Street Department	200,862	293,549	291,941	1,608
Total Public Works	200,862	293,549	291,941	1,608
Culture and Recreation				
Recreation Department	-	1,315	1,315	-
Total Recreation	-	1,315	1,315	-
Housing and Development				
Protective Inspection	22,000	21,362	21,362	-
Planning and zoning	1,500	1,761	1,737	24
Total Housing and Development	23,500	23,123	23,099	24
Total Expenditures - All Departments	1,462,618	2,313,439	2,243,018	70,421
Net Excess before Operating Transfers	(13,000)	(541,367)	(486,713)	54,654
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	(36,615)	(36,615)
Sale of General Capital Assets	-	506	9,976	(9,470)
Debt proceeds	-	390,000	390,000	-
Total Other financing souces (uses)	-	390,506	363,361	(46,085)
Net Change in Fund Balances	$ (13,000)	$ (150,861)	$ (123,352)	$ 8,569

Budgetary Comparison Reporting

In accordance with Governmental Accounting Standards Board Statement Number 34 (GASB 34) paragraph 131, the City has presented the budgetary comparison schedule using the same format, terminology and classifications as the budget document. Additionally, the City has presented in Note A to the budgetary comparison schedule information that reconciles budgetary information to generally accepted accounting principles (GAAP) information. The City has explained in Note A the basis differences in accordance with GASB 34 paragraph 131.

Note A-Explanation of Differences between Revenues, Expenditures and Other Financing Sources (Uses) for Budgetary Funds on a Budgetary Basis and GAAP General Fund on a GAAP Basis

Financial Statements General Fund:	**General Fund**
Revenues	
Actual amounts (budgetary basis) "revenues" from the Budgetary Comparison Schedule	$ 1,756,305
Adjustments:	
The City budgets revenues on the cash basis of accounting rather than the modified accrual basis of accounting	(1,646)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances-general fund.	$ 1,754,659
Expenditures	
Actual amounts (budgetary basis) "expenditures" from the Budgetary Comparison Schedules	$ 2,243,018
Adjustments:	
The City budgets for payment of short-term debt on the general fund operating statement, but these amounts are reclassed to the balance sheet for GAAP purposes.	(444,115)
The City budgets expenditures on the cash basis of accounting rather than the modified accrual basis of accounting	(64,764)
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances-general fund and major special revenue fund	$ 1,734,139

City of Colquitt, Georgia
Budgetary Comparison
For the Fiscal Year Ended June 30, 2011

Note B to Required Supplementary Information

Budget and Budgetary Accounting

Listed below is a summary of the procedures followed by the City in establishing the budgetary data reflected in the budgetary comparison schedule:

At least three months prior to year-end, the City Clerk and department heads begin work on the proposed operating budget for the forthcoming fiscal year.

Thirty days prior to year-end, the City Clerk submits to the City Council a proposed operating budget for the forthcoming fiscal year. The operating budget includes proposed expenditures and the means of financing

Public Hearings are conducted to obtain taxpayer comments.

As close to year-end as possible, the budget is legally adopted by the City Council and made a part of the City's minutes.

Any changes to the City's budget must be approved by the City Council. The City Council approves all expenditures over $1,500. The City Manager approves all expenditures under $1,500.

For budgetary purposes, the City adopts a budget for the general, special revenue, and debt service funds. The budgets are adopted on budgetary (modified cash) basis which is not consistent with generally accepted accounting principles. Differences between the basis of accounting (basis differences) used for budgeting and financial reporting in accordance with generally accepted accounting principles are reconciled in the budget comparative statements. Fixed budgets are prepared for the enterprise funds for administrative purposes. Project budgets are used for Capital Projects Funds.

Budgeted amounts are as originally adopted plus amendments. The City Council adopted the budget on July 28, 2010 and it was amended on May 10, 2011 and June 14, 2011. All appropriations lapse at year-end.

The legal level of budgetary control is at the department level.

City of Colquitt, Georgia
Required Supplementary Information
June 30, 2011

Retirement Plan
GASB 27 Required Supplementary Information-Schedule of Funding Progress

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
May 1, 2002	$ 528,618	$ 292,181	$ (236,437)	180.92%	$ 346,174	-68.30%
May 1, 2003	$ 517,316	$ 352,770	$ (164,546)	146.64%	$ 421,284	-39.06%
May 1, 2004	$ 528,945	$ 460,864	$ (68,081)	114.77%	$ 417,135	-16.32%
May 1, 2005	$ 545,856	$ 523,430	$ (22,426)	104.28%	$ 515,569	-4.35%
May 1, 2006	$ 568,104	$ 577,600	$ 9,496	98.36%	$ 581,996	1.63%
May 1, 2007	$ 593,165	$ 659,503	$ 66,338	89.94%	$ 591,900	11.21%
May 1, 2008	$ 608,777	$ 707,898	$ 99,121	86.00%	$ 675,000	14.68%
May 1, 2009	$ 401,988	$ 778,430	$ 376,442	51.64%	$ 871,750	43.18%
January 1, 2010	$ 511,411	$ 829,277	$ 317,866	61.67%	$ 824,850	38.54%

City of Colquitt, Georgia
Employee Retirement System
Required Supplementary Information
For the Fiscal Year Ended June 30, 2011

Notes to the Required Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date:	January 1, 2011
Actuarial cost method:	Projected unit credit
Actuarial Assumptions Utilized:	
Investment rate of return:	7.75%
Projected salary increases:	3.50%
Cost-of-living adjustments:	None

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF COLQUITT, GEORGIA

For the Fiscal Year Ended June 30, 2011

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

DEBT SERVICE FUND

Debt service funds are used to record the funding and payment of principal and interest on certain general long term debt not accounted for in other funds.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust fund.

City of Colquitt, Georgia
Non-Major Governmental Funds
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2011

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Totals
Assets				
Cash	$ 6,209	$ -	$ 63,068	$ 69,277
Intergovernmental Receivable	3,894	-	40,906	44,800
Total Assets	$ 10,103	$ -	$ 103,974	$ 114,077
Liabilties and Fund Balance				
Accounts Payable	$ 1,997	$ -	$ 17,439	$ 19,436
Total Liabilities	1,997	-	17,439	19,436
Fund Balances				
Restricted for:				
Public Safety	785	-	62,959	63,744
Public Works	-	-	23,576	23,576
Recreation	6,063	-	-	6,063
Judicial	1,258	-	-	1,258
Total Fund Balances	8,106	-	86,535	94,641
Total Liabilities and Fund Balance	$ 10,103	$ -	$ 103,974	$ 114,077

City of Colquitt, Georgia
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

Revenues	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Totals
Intergovernmental Revenue	$ 92,663	$ -	$ 226,326	$ 318,989
Property Tax	391	-	-	391
Hotel / Motel Tax	7,847	-	-	7,847
Fines and Forfeitures	4,853	-	-	4,853
Miscellaneous	5,309	-	-	5,309
Interest Income	164	-	161	325
Total Revenues	111,227	-	226,487	337,714
Expenditures				
Current				
Housing and Development	7,847	-	-	7,847
Judicial	3,595			3,595
Public Safety	7,845	-	-	7,845
Culture and Recreation	84,560	-	-	84,560
Debt Service				
Principal	3,492	44,588	-	48,080
Interest	539	3,881	-	4,420
Capital Outlay				
Public Safety	-	-	82,643	82,643
Public Works	-	-	67,726	67,726
Housing and Development	-	-	-	-
Culture and Recreation	7,000	-	-	7,000
Total Expenditures	114,878	48,469	150,369	313,716
Excess of Revenues Over Expenditures	(3,651)	(48,469)	76,118	23,998
Other Financing Sources (Uses)				
Transfers in	-	48,469	-	48,469
Transfers (out)	-	-	(48,469)	(48,469)
Proceeds from sale of capital assets	7,000	-	-	7,000
Total Other Financing Sources (Uses)	7,000	48,469	(48,469)	7,000
Net Change in Fund Balance	3,349	-	27,649	30,998
Fund Balance - Beginning of Year	4,757	-	58,886	63,643
Fund Balance - End of Year	$ 8,106	$ -	$ 86,535	$ 94,641

City of Colquitt, Georgia
Non-Major Special Revenue Funds
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2011

	Hotel/Motel Taxes	Confiscated Assets	Recreation Department	Municipal Technology	Municipal Jail	Totals
Assets						
Cash	$ -	$ 785	$ 4,166	$ 1,008	$ 250	$ 6,209
Due from Other Governments	-	-	3,894	-	-	3,894
Total Assets	$ -	$ 785	$ 8,060	$ 1,008	$ 250	$ 10,103
Liabilties and Fund Balance						
Accounts Payable	$ -	$ -	$ 1,997	$ -	$ -	$ 1,997
Total Liabilities	-	-	1,997	-	-	1,997
Fund Balances						
Restricted for:						
Public Safety	-	785	-	-	-	785
Recreation	-	-	6,063	-	-	6,063
Judicial	-	-	-	1,008	250	1,258
Total Fund Balances	-	785	6,063	1,008	250	8,106
Total Liabilities and Fund Balance	$ -	$ 785	$ 8,060	$ 1,008	$ 250	$ 10,103

City of Colquitt, Georgia
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

Revenues	Hotel/Motel Taxes	Confiscated Assets	Recreation Department	Municipal Technology	Municipal Jail	Totals
Property Tax	$ -	$ -	$ 391	$ -	$ -	$ 391
Hotel / Motel Tax	7,847	-	-	-	-	7,847
Fines and Forfeitures	-	-	-	2,903	1,950	4,853
Intergovernmental Revenue	-	3,873	88,790	-	-	92,663
Investment Income	-	-	164	-	-	164
Miscellaneous	-	-	5,309	-	-	5,309
Total Revenues	7,847	3,873	94,654	2,903	1,950	111,227
Expenditures						
Current						
Housing and Development	7,847	-	-	-	-	7,847
Judicial	-	-	-	1,895	1,700	3,595
Public Safety	-	7,845	-	-	-	7,845
Culture and Recreation	-	-	84,560	-	-	84,560
Debt Service						
Principal	-	-	3,492	-	-	3,492
Interest	-	-	539	-	-	539
Capital Outlay						
Culture and Recreation	-	-	7,000	-	-	7,000
Total Expenditures	7,847	7,845	95,591	1,895	1,700	114,878
Excess of Revenues Over Expenditures	-	(3,972)	(937)	1,008	250	(3,651)
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	-	-	7,000	-	-	7,000
Total Other Financing Sources (Uses)	-	-	7,000	-	-	7,000
Net Change in Fund Balance	-	(3,972)	6,063	1,008	250	3,349
Fund Balance - Beginning of Year	-	4,757	-	-	-	4,757
Fund Balance - End of Year	$ -	$ 785	$ 6,063	$ 1,008	$ 250	$ 8,106

City of Colquitt, Georgia
Special Revenue Fund - Hotel / Motel Tax Fund
Budgetary Comparison Schedule (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

Revenues	Original Budget	Final Budget	Actual	Positive (Negative)
Hotel / Motel Tax	$ 13,000	$ 7,847	$ 7,847	$ -
Total Revenues	13,000	7,847	7,847	-
Expenditures				
Housing and Development	13,000	7,847	7,847	-
Total Expenditures	13,000	7,847	7,847	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -	$ -

City of Colquitt, Georgia
Non-major SPLOST Debt Service Fund
Budgetary Comparison Schedule (Non GAAP)
For the Fiscal Year Ended June 30, 2011

Revenues	Original Budget	Final Budget	Actual	Positive (Negative)
Intergovernmental	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
Expenditures				
Debt Service				
Principal	-	44,588	44,588	-
Interest	-	3,881	3,881	-
Total Expenditures	-	48,469	48,469	-
Net Excess before Operating Transfers	-	(48,469)	(48,469)	-
Other Financing Sources (Uses)				
Transfers In (Out)	-	48,469	48,469	-
Total Other financing souces (uses)	-	48,469	48,469	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -	$ -

City of Colquitt, Georgia
Non-Major Capital Projects Fund
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2011

	Ref. 3 SPLOST			
	Police	Fire	Public Works	Totals
Assets				
Cash	$ 13,912	$ 38,270	$ 10,886	$ 63,068
Intergovernmental Receivable	9,408	11,454	20,044	40,906
Total Assets	$ 23,320	$ 49,724	$ 30,930	$ 103,974
Liabilties and Fund Balance				
Liabilities				
Accounts Payable	$ 708	$ 9,377	$ 7,354	$ 17,439
Total Liabilities	708	9,377	7,354	17,439
Fund Balances				
Restricted for:				
Public Safety	22,612	40,347	-	62,959
Public Works	-	-	23,576	23,576
Total Fund Balances	22,612	40,347	23,576	86,535
Total Liabilities and Fund Balance	$ 23,320	$ 49,724	$ 30,930	$ 103,974

City of Colquitt, Georgia
Non-Major Capital Projects Fund
Combining Statement of Revenues, Expenditures and Changes in Fund
For the Fiscal Year Ended June 30, 2011

	Ref. 3 SPLOST			
Revenues	**Police**	**Fire**	**Public Works**	**Totals**
Intergovernmental Revenue	$ 52,053	$ 63,371	$ 110,902	$ 226,326
Interest Revenue	37	45	79	161
Total Revenues	52,090	63,416	110,981	226,487
Expenditures				
Capital Outlay				
Public safety	36,913	45,730	-	82,643
Public works	-	-	67,726	67,726
Housing and development	-	-	-	-
Total Expenditures	36,913	45,730	67,726	150,369
Excess (Deficiency) of Revenues Over (Under) Expenditures before Other Financing Sources (Uses)	15,177	17,686	43,255	76,118
Other Financing Sources (Uses)				
Transfer out	(4,736)	(16,887)	(26,846)	(48,469)
Total Other Financing Sources (Uses)	(4,736)	(16,887)	(26,846)	(48,469)
Net Change in Fund Balance	10,441	799	16,409	27,649
Fund Balance - Beginning of Year	12,171	39,548	7,167	58,886
Fund Balance - End of Year	$ 22,612	$ 40,347	$ 23,576	$ 86,535

STATE REPORTING REQUIREMENTS

City of Colquitt, Georgia
Schedule of Special Purpose
Local Option Sales Tax - Ref #3
For the Fiscal Year Ended June 30, 2011

Projects	Original Estimated Cost	Expenditures Current Year	Expenditures Prior Year	Total Expenditures	Estimated Current Percentage of Total Completion
Colquitt-Miller County Volunteer Fire Equipment and vehicles	$ 351,000	$ 62,617	$ 133,846	$ 196,463	55.97%
City of Colquitt Police Department Equipment and vehicles	297,000	41,649	172,621	214,270	72.14%
Public Works Projects	612,000	94,572	281,097	375,669	61.38%
Total	$ 1,260,000	$ 198,838	$ 587,564	$ 786,402	62.41%

Current year expenditures for the SPLOST Referendum #3 were recognized as follows:

Police CPF (page 57)	$ 36,913
Fire CPF (page 57)	45,730
Public Works CPF (page 57)	67,726
SPLOST DSF (page 55)	48,469
Total	$ 198,838

City of Colquitt, Georgia
Community Home Investment Program
Source and Application of Funds Schedule

Grant # 08mr-x-100-2-6001

June 30, 2011

Total Program Year 2008 funds allocated to recipient	$	200,000
Less: Total Program Year 2008 funds drawn down by recipient		197,536
Funds still available from Program Year 2008 Resources	$	2,464
Total Program Year 2008 funds held at Fiscal Year-End	$	-
Total Program Year 2008 funds drawn down and received by recipient		197,536
Less: Funds applied and expended to Program Year 2008 costs		197,536
TOTAL PROGRAM YEAR 2008 FUNDS HELD BY RECIPIENT	$	-

City of Colquitt, Georgia
Community Home Investment Program
Budget to Actual Funds Schedule

June 30, 2011

Grant # 08mr-x-100-2-6001

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Current Period Expenditures	Prior Perid Expenditures	Grand Total Expenditures to Date	Questioned Costs
Rehabilitation of Private Properties	H-14A-01	$ 188,485	$ -	$ 197,536	$ 197,536	$ -
Contingencies	C-022-00	11,515	-	-	-	-
TOTAL		$ 200,000	$ -	$ 197,536	$ 197,536	$ -

City of Colquitt, Georgia
Community Development Block Grant
Source and Application of Funds Schedule

Grant # 09b-x-100-2-5156

June 30, 2011

Total Program Year 2009 funds allocated to recipient	$	703,378
Less: Total Program Year 2009 funds drawn down by recipient		547,579
Funds still available from Program Year 2009 Resources	$	155,799
Total Program Year 2009 funds held at Fiscal Year-End	$	4,072
Total Program Year 2009 funds drawn down and received by recipient		547,579
Less: Funds applied and expended to Program Year 2009 costs		543,507
TOTAL PROGRAM YEAR 2009 FUNDS HELD BY RECIPIENT	$	4,072

City of Colquitt, Georgia
Community Development Block Grant
Budget to Actual Funds Schedule

June 30, 2011

Grant # 09b-x-100-2-5156

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Current Period Expenditures	Prior Perid Expenditures	Grand Total Expenditures to Date	Questioned Costs
Acquisition of Property (Public)	H-001-01	$ 150,194	$ 146,005	$ -	$ 146,005	$ -
Clearance	H-004-00	45,000	38,500	-	38,500	-
Contingencies	C-022-00	21,265	-	-	-	-
Water Facilities	P-03J-01	28,179	28,179	-	28,179	-
Sewer Facilities	P-03J-02	50,713	50,713	-	50,713	-
Engineering - Street Improvements/ Flood & Drainage	T-03K-00	33,207	7,775	25,432	33,207	-
Street Improvements	P-03K-01	860	860	-	860	-
Flood and Drainage Facilities	P-03K-02	103,348	103,348	-	103,348	-
Rehabilitations of Private Properties	H-14A-01	223,665	124,695	-	124,695	-
Administration	A-21A-00	46,947	12,000	6,000	18,000	-
TOTAL		$ 703,378	$ 512,075	$ 31,432	$ 543,507	$ -

GOVERNMENTAL AUDITING STANDARDS REQUIREMENTS

Perry L. Henry, LLC

Certified Public Accountant and Consultant

Perry L. Henry, CPA, CGFM, CFS

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Honorable Mayor and Members of
the City Council
City of Colquitt, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Colquitt, Georgia, as of and for the year ended June 30, 2011, and have issued our report thereon dated January 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Colquitt, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Colquitt, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Colquitt, Georgia's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 1998-1 that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Colquitt, Georgia , in a separate letter dated January 25, 2012.

The City of Colquitt, Georgia’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Colquitt, Georgia’s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Perry L. Henry, LLC

Perry L. Henry, LLC
Bainbridge, Georgia
January 25, 2012

SINGLE AUDIT SECTION

Perry L. Henry, LLC

Certified Public Accountant and Consultant

Perry L. Henry, CPA, CGFM, CFS

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Members of
the City Council
City of Colquitt, Georgia

Compliance

We have audited the compliance of City of Colquitt, Georgia, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The City of Colquitt, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Colquitt, Georgia's management. Our responsibility is to express an opinion on the City of Colquitt, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Colquitt, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Colquitt, Georgia's compliance with those requirements.

In our opinion, the City of Colquitt, Georgia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the City of Colquitt, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Colquitt, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Colquitt, Georgia's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City of Colquitt, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Colquitt, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Perry L. Henry, LLC

Perry L. Henry, LLC
Bainbridge, Georgia
January 25, 2012

City of Colquitt, Georgia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

Federal Grants Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
Pass-through Programs:			
Pass-through State of Georgia Bureau of Investigation			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0077	$ 54,751
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-0362	88,854
Sub-total CFDA Number 16.738			143,605
Sub-total U.S. Department of Justice			143,605
U. S. Department of Housing and Urban Development:			
Pass-through State of Georgia Georgia Department of Community Affairs			
Community Development Block Grant	14.239	09b-x-100-2-5156	516,147
Sub-total CFDA Number 14.239			516,147
Sub-total U.S. Department of Housing and Urban Development			516,147
U. S. Department of Environmental Protection			
Pass-through State of Georgia Georgia Environmental Facility Authority			
Clean Water State Revolving Fund - Capitalization Grant	66.458	CW09028	1,023,483
Drinking Water State Revolving Fund - Capitalization Grant	66.468	DW08006	66,518
Sub-total CFDA Number's 66.458 & 66.468			1,090,001
Sub-total Department of Environmental Protection			1,090,001
Total Expenditures of Federal Awards			$ 1,749,753

City of Colquitt, Georgia
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Colquitt, Georgia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

City of Colquitt, Georgia
Schedule of Findings and Questioned Cost
For the fiscal year ended JUNE 30, 2011

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:		
Any material weakness(es) identified?	❑ yes	🗐 no
Any significant deficiencies identified not considered to be material weaknesses?	🗐 yes	❑ none reported
Any noncompliance material to financial statements noted?	❑ yes	🗐 no

Federal Awards

Internal Control over major programs:		
Any material weakness(es) identified?	❑ yes	🗐no
Any significant deficiencies identified not considered to be material weaknesses?	❑ yes	🗐none reported

Type of auditor's report issued on compliance for major programs: *unqualified*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	❑ yes	🗐 no

Identification of major programs:

CFDA Number(s)	Name of Major Federal Program
66.458	Clean Water State Revolving Fund – Capitalization Grant

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000	
Auditee qualified as low-risk auditee?	❑ yes	🗐 no

Section II – Financial Statement Findings

1998-1

Condition:

The City does not have an adequate number of employees to segregate responsibilities in order to separate the authorization of transactions and the custody of assets from the record keeping function.

Criteria:

Internal control is a process designed to provide reasonable assurance about your objectives with regard to reliability of:

(1) financial reporting,
(2) effectiveness and efficiency of operations, and
(3) compliance with applicable laws and regulations.

Cause:

The City does not have an adequate number of employees to segregate responsibilities in order to separate the authorization of transactions and the custody of assets from the record keeping function.

Effect:

This condition represents a significant deficiency in the design and operation of the City's internal control structure and could possibly adversely affect the City's ability to record, process, summarize, and report financial data consistent with assertions of management in the City's financial statements.

The underlying concept of segregation of duties is to prevent a person with the ability to authorize a transaction from having the capability of obtaining unauthorized custody of some assets and, additionally, the related recording of the transaction.

The City Council compensates for this lack of segregation of duties by being conscious of the financial affairs of the City. The Council reviews all bills before they are paid and a council member is a required co-signer on all checks.

Recommendation:

The City Council should continually be aware of the lack of segregation of duties and the significant deficiency in the design and operation of its internal control structure. Also, the City should be aware of the risk that this condition could have an effect on the financial position of the City.

The City Council should continue to be aware of the financial affairs of the City and make a concerted effort to review the financial statements of all funds of the City each month.

Management's Response:

Management agrees. A corrective action plan has been issued under a separate cover.

City of Colquitt, Georgia
Schedule of Findings and Questioned Costs
June 30, 2011

Section III Federal Awards Findings

No matters were reported.